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Reagan-Gorbachev Pursue Superpower Ambitions
AU161006 Tirana PUNA in Albanian
11 Dec 87 p 4

[ATA report: "Intensive Soviet-American Talks During Gorbachev's Visit to Washington"]

[Text] Washington, 10 Dec—As news agencies report, intensive Soviet-American meetings and talks continued yesterday and today in the course of Gorbachev's visit to the United States. He and the American president, Reagan, met this morning for the fourth time and held talks again. Reports say that these talks chiefly concerned "the Iran-Iraq conflict, and the situations in Afghanistan and the Persian Gulf". No journalists were present at the meeting, according to reports, "since the talks were considered of a confidential nature." A commentary issued by the Soviet news agency TASS said that the White House spokesman Fitzwater judged this meeting to be "very fruitful," stressing that "the talks were intensive and tackled specific issues." Gorbachev also met the American vice president, Bush, at the seat of the Soviet Embassy in Washington today. Following the meeting, Bush stated to representatives of the press that "Gorbachev is a new kind of Soviet leader, who uses an almost Western manner in his talks with President Ronald Reagan." The Kremlin leader then met a group of American businessmen, with whom he discussed "prospects for Soviet-American economic relations."

It is also reported that the American secretary of state, Shultz, and the Soviet foreign minister, Shevardnadze, held talks on issues connected with "disarmament" and closer cooperation between the two countries. On this occasion they announced an agreement expanding air links between the United States and the Soviet Union. It is also reported that Marshal Akhromeyev, chief of the General Staff of the Soviet Armed Forces and first vice minister of defense, who is accompanying Gorbachev on his present visit to the U.S.A., was received at the Pentagon yesterday. A commentary by the French news agency AFP, which stressed that "this is the first time that the Pentagon has received a Soviet military official of such a high rank," said that "American officials were not willing to supply details about the talks between Marshal Akhromeyev and American senior military officials," among whom was the new American defense secretary, Carlucci. A similar silence has been maintained over the discussions of the Soviet-American working groups on "disarmament," "regional conflicts," and "human rights," etc.

This curtain of silence which veils, as usual, Soviet-American manipulation, is further clear testimony to the feverish efforts of the two imperialist superpowers to reach an understanding between themselves which matches their great neocolonialist ambitions in various parts of the world. Talking about the concessions which Moscow and Washington have made to each other in order to reach agreement in a speech delivered at a luncheon at the State Department, Gorbachev said that these concessions "are necessary to provide a balance between the interests of both sides."

Railroad Director Comments on Link With SFRY
AU160952 Tirana ATA in English
0745 GMT 16 Dec 87

["The Truth on the Exploitation of Shkoder-Titograd Railway—Explanations by the Albanian Railway General Director Given to the Albanian Telegraphic Agency Correspondent"—ATA headline]

[Text] Tirana, December 16 (ATA)—Recently, in the Yugoslav press as in the newspaper BORBA of November 9, in the TANJUG news agency bulletin dated November 25, in the NIN review dated December 6 and in the newspaper POLITIKA dated December 9, 1987, there have been published some writings on the insufficient exploitation of Shkoder-Titograd railway, shifting the responsibility on the Albanian side. These writings say among others that Albania does not exploit even approximately this railway line and that it continues to export a large part of its goods by ship and vehicles, that the Titograd railway transport organization has suffered great losses and that last year it won only $100,000, and so on and so forth.

Regarding this, the correspondent of the Albanian Telegraphic Agency addressed the general director of the Albanian railways, Comrade Viktor Caprazi, who gave the following explanations:

Since the very beginning I want to stress that the problem of the exploitation of Shkoder-Titograd railway is tendentiously treated by the Yugoslav press. The Albanian Railways General Department has made all the possible efforts to increase the volume of goods transport through it. Hence, for January-November 1987 period, our side has transported 60,000 tons of Albanian import goods by this railway.

The contrary has happened with the Yugoslav side. Out of 68,500 tons of goods imported from Albania, it has transported by railway only 6,000 tons of goods. Here are not included 52,100 tons of chrome ore transported from Yugoslavia by lorries from Kam and Diber. The Yugoslav trade organizations continue to get from our country by lorries different goods, as for instance salt, medicinal herbs, bitumen, etc., and by sea chrome ore, cement, etc., instead of transporting them by train.

In order to exploit this railway as well as possible, the Albanian railway and our foreign trade organs have met and held talks with the railways and trade firms of some states, including here the Yugoslav ones, to transport by train the Albanian export-import goods, that amount to

some hundred thousand tons. But all these firms mention as the main obstacle the lack of profit for the transit goods transport by the Yugoslav Railways because of the high tariffs they apply, which are 30-60 percent higher than the other railways.

Naturally, the tariffs problem is a problem that belongs to every special country to solve, but it is in the practice of each railway to maneuver with its tariffs, in order to make them compete with tariffs of other kinds of transport, and according to my opinion, this is in the hands of the Yugoslav side.

The Yugoslav press mentions that the railway organization of Montenegro ensured last year a profit worth $100,000 from goods transport. In fact, from September last year to September this year, our side has paid to the Yugoslav Railways about $3 million, without mentioning here the income worth some millions of dollars they have ensured from the Albanian export goods transport with other countries through Shkoder-Titograd railway. How much is allocated from this sum to the Montenegrin railway, that complains for meager income, this is an internal affair of the Yugoslav Railways.

The Yugoslav press also carries other distortions. Hence, for instance, they say that the Yugoslav engine with the wagons goes to load the Albanian goods and it waits there all day long for the goods to come. This is not true. In fact, even in compliance with the agreement, the wagons with Albanian goods from Bajze station to the Yugoslav station of Tuzi are not transported by the Yugoslav engine, but only with the Albanian engine.

Hence, as seen, the data provided by the Yugoslav press are not true. It is clearly seen that they have a misinforming character.

The Albanian Railways General Department is ready to conduct talks with the Yugoslav railway organisations, to find the ways and means so as to increase the volume of goods transport and the economic effectiveness of the Shkoder-Titograd railway line. But this requires the good will of the Yugoslav side as well.

Economic Growth Forecasts in 5-Year Period

AU151325 Tirana ATA in English
0730 GMT 15 Dec 87

["Social Product and National Income Increase at Speedier Rates Than the Population Growth"—ATA headline]

[Text] Tirana, December 15 (ATA)—As a result of the all-round development of economy, the social product and national income have increased 2-3 times faster than the population growth from one five-year plan to the other. In the present stage of the complete construction of socialist society the national income are created 100 percent in the socialist sector of economy. In the current five-year plan, too, the national income will go on augmenting at speedier rates. In the year 1990, they will be 35-37 percent higher than in 1985. Such an increase is due to the high rates the Albanian economy is developing with, especially its main branches. Hence, the national income to be created in industry, transport, construction will make up 52 percent of the total income, while those created in agriculture 42 percent, and in the other branches about 6 percent. This will be possible also due to the increase of the number of the workers in the branches of the material production, that will amount to over 200,000, in this five-year plan as well as to the increase by 11-13 percent of the social labour productivity.

The augmenting of national income will bring about also the augmenting of the fund of consumption, which will be used to fulfill the growing material and cultural needs of the population. Hence over this five-year plan the real income per capita of the population will increase by 5.8 percent in the city and 12.7 percent in the countryside, the retail goods turnover 25 percent, public services 43-45 percent, etc.

Mladenov Hails Washington Summit

AU151449 Sofia RABOTNICHESKO DELO in Bulgarian 11 Dec 87 pp 1,6

[Article by Petur Mladenov, member of the BCP Central Committee Politburo and minister of foreign affairs of the People's Republic of Bulgaria: "A Path Leading Toward the Future"]

[Text] If we would briefly describe the importance of the meeting between Mikhail Gorbachev, general secretary of the CPSU Central Committee and U.S. President Ronald Reagan, as well as the agreements achieved, we must definitely say that this is an event of historic importance. The Soviet-American meeting held in Washington became one of the greatest events of the entire postwar period, an event which proves that mankind today is living through a period of great change on which its destiny depends.

The signing of the INF treaty, which actually signifies the first destruction of this kind of a whole class of nuclear weapons, also represents the first, decisive step toward a future world of security, free of nuclear weapons. It is the first time that two powerful nuclear states agreed not to rival in building deadly and destructive nuclear arms, and not only restricting and limiting these weapons, but even cooperating in destroying them.

When on 15 January 1986 the Soviet leadership launched the program on eliminating nuclear arms by the end of this century, and a month later, the 27th CPSU Congress proclaimed the idea of establishing an overall system of international peace and security, numerous people hurried to describe these ideas as utopian. Today even the most skeptical persons are obliged to admit that the dream of mankind's brightest minds about a world free of weapons and wars can become reality. It stipulates that the human race and civilization are not doomed to annihilation by some kind of sinister force, but that life on our planet has a future and people can jointly and usefully progress in our complicated and mutually dependent world.

The path that led to Washington was long. It passed through Geneva and Reykjavik, it went through difficult and complicated dialogues of statesmen, diplomats, military representatives, and scientists. The Warsaw Pact member-countries, including our own country, made their contribution to this crucial cause which involves great responsibility. Other European countries and all peace-loving forces contributed. Political wisdom and the philosophy of new thinking, which is based on profound awareness of the realities of our contemporary missile-nuclear world, prevailed in the long run, the common interest—namely, the survival of mankind, which is stronger than all contradictions and differences—prevailed as well. This is so, because military competition and the arms race today are more than ever deprived of any meaning, since a nuclear war would be a disaster for everyone. The question raised today is—how should we cooperate in order to survive together. As Comrade Todor Zhivkov recently pointed out, no less than "a historic victory of political realism, of the will and readiness to make a sensible compromise in solving vitally important problems of mankind" is at stake.

We are pointing out the joint credit earned by two great states, the joint political will manifested in striving to achieve these agreements. However, we must also stress that literally dozens of millions of people demonstrated in the streets, in towns and villages, forming living barriers, living chains, and bridges of peace, in order to achieve this long-awaited change. This change is primarily the result of the innovative, courageous, and realistic approach and initiatives of the Soviet leadership which are meeting increasing understanding and support throughout the world, a result of the creative application of the Leninist theory of peaceful coexistence. This is the result of the positive impact exerted by the historical processes taking place in the Soviet Union and the other socialist countries, which influences the entire international development. The first treaty on real disarmament proved once and for all that socialism has no more lofty ideal than peace and the peoples' well-being. The People's Republic of Bulgaria, as an active and sincere champion of peace, enthusiastically welcomes the Soviet-American agreements which are so urgently required today. We should expect that the signing of the INF Treaty will change the political atmosphere on our planet. We hope that the world will enter a new stage in mutual relations among states—relations under which confrontation will be rejected and a transition to cooperation will prevail.

The international atmosphere in Europe is changing for the better as well. It was obstructed by the heavy inheritance of wars, confrontation, distrust, and hostility. However, we cannot fail to be concerned about the revival of certain militarist ideas and of notorious concepts which actually mean the creation of new weapons and confrontation. Against the background of this process of real disarmament, which is gaining strength, it appears an anachronism to resume praising the doctrine of "nuclear containment" which is a symbol of outdated mutual relations among states. Not containment and threats, but cooperation and mutual confidence—this is the requirement of our era today.

The Washington meeting stimulates and creates opportunities for further steps of wide scope in the disarmament sector, in rejecting the burden of the nuclear nightmare. I am talking, in the first place, about the 50-percent reduction of strategic weapons in support of the ABM Treaty and of its observance within the agreed schedules. Real opportunities exist in other areas of disarmament as well, such as the banning of chemical weapons and nuclear arms tests, and the substantial limitation of conventional arms. The Washington meeting opens new prospects for settling problems presented by numerous hotbeds of tension and conflicts. Last, but

not least, the Soviet-American meeting creates favorable opportunities of cooperation in all sectors, for a real breakthrough along all lines of East-West relations. These opportunities should not be missed.

The people are entitled to expect that the initiated disarmament process will be pursued at an accelerated rate. Mankind is longing to greet the 21st century, free of nuclear weapons, free of fear for the lives of present and future generations. Together with the other socialist countries, together with all people who are sincerely striving for peace and cooperation, the People's Republic of Bulgaria will further pursue its contribution to the achievement of this most humanitarian of all goals.

Ovcharov Discusses State Plan, Budgets

AU140501 Sofia RABOTNICHESKO DELO in Bulgarian 10 Dec 87 pp 2,3,4

["Speech of Stoyan Ovcharov, minister of the economy and planning, on the State Plan for Bulgaria's Scientific, Technical, and Socioeconomic Development in 1988 and the 1988 State Budget and his report on the State Budget for 1986 to the National Assembly session: Dynamic and Progressive Development of the Bulgarian Economy;" passages in boldface as published

[Text] Comrade People's Deputies, in the chronicle of history, the year that we will soon be entering will leave an important trace in the development of international relations and in our own country's development.

This is because in international relations the need is manifesting itself more and more for new political thinking, for a new approach to the problems of the world's development, peaceful coexistence, environmental protection, and so on.

The treaty signed between the USSR and the United States to eliminate medium-and shorter-range missiles is in itself a document of historic significance, and the result of the consistent peaceful strategy of the CPSU Central Committee under the leadership of Comrade Mikhail Gorbachev for the building of a new world, a world free of nuclear weapons.

The 70th anniversary of the October Revolution once again linked us with the start of our path—the path of socialism—in order to give us an even more realistic concept of the scale of what has been achieved in the past, of the price of the mistakes, and of the grandiose tasks that we have to fulfill in the future.

For we, as a country, nation, and party, are living with the ideas of October, and it is in them that we see our path toward happiness and prosperity. For the call that is also directed to us—closer to Lenin and his ideas—is an immutable goal and task in every initiative and thought.

For our country, the year was filled with intense work on implementing the decisions of the 13th BCP Congress and of the BCP Central Committee plenums of July and November this year.

The July plenum is a historic milestone in our April path to construct socialism. We now have available an entire concept for developing qualitatively new socialism on Bulgarian soil, for restructuring in every sphere of our society, and for implementing in practice the policy for qualitatively new growth.

This concept is a major achievement of the theoretical and practical work of our party and of Comrade Todor Zhivkov personally. Particularly important is the fact that the restructuring now under way in Bulgaria in accordance with the concept adopted at the July plenum coincides in principle with the aims, tasks, and directions of the restructuring in the Soviet Union. This inspires us with even greater confidence on our common path toward building a qualitatively new socialist society.

In implementation of the concept adopted at the July plenum, restructuring is vigorously developing in the economy, where changes revolutionary in essence are being carried out.

These changes will permit us, on the basis of the successes achieved this year and in preceding years, to substantially accelerate our progress along the path of socialism.

I. On the Progress in Implementing the Plan for Bulgaria's Scientific, Technical, and Socioeconomic Development in 1987 [subhead]

Comrade People's Deputies,

When we assess the work completed this year and the fulfillment of the plan that is expected, we should be guided first and foremost by the lofty criteria of the July plenum regarding an objective, scientifically grounded assessment of the real results and the reasons that brought them about. We cannot entertain any other criteria or any different position—the spirit of our restructuring demands this.

Why do we need, especially now, the objective position and objective criteria?

We need them because it would be absolutely wrong to utilize the recently completed structural and personal changes in the management of the economy to present what has been completed previously in a negative light—to belittle the successes achieved in the economy, and to exaggerate the weaknesses.

Neither the moral climate in our party and society, nor the real state of the economy can permit such assessments, for the following reasons:

—It is impossible, behind the temporary objective difficulties, to see the great successes achieved in Bulgaria in the years following the April 1956 Plenum of the BCP Central Committee.

—The relative fall in the rates of development during the last years of the previous 5-year plan and in the first year of the current 5-year plan cannot obscure the fact that from 1956 to the present our country's rate of development in practice has been one of the highest in the whole world.

—The past, present, and future belong to us all equally, and we share a common responsibility for them. This must be our standpoint when we assess the progress of the implementation of the 1987 plan.

What is the main determining element in our work this year?

It lies in the fact that, irrespective of the most difficult weather conditions for agriculture ever recorded during the past 100 years, our economy continues to develop successfully.

Estimates show that the losses in agriculture this year alone are equivalent to over 700 million leva of production.

According to provisional data, the losses in agriculture appear to be distributed as follows:

—grain: approximately 2.9 million tonnes;

—sugar beet: about 700,000 tonnes;

—sunflowers: 90,000 tonnes;

—grapes: 214,000 tonnes;

—potatoes: 160,000 tonnes;

—fruit: about 540,000 tonnes, and so on.

However, even with these losses, which in essence were not felt by the population, when one analyzes the results expected at the end of the year, one may conclude that our national economy possesses enormous capacities and will be capable of successfully overcoming even these 3 successive unfavorable years for agriculture.

The general assessment is that, irrespective of the difficulties during the year, our economy is developing dynamically in a forward direction.

What are the real indexes for the state of the economy?

The following figures are expected, as compared to those achieved in 1986:

—The national income produced will increase by 5.1 percent.

—Social labor productivity will rise by 5.2 percent.

—Industrial production will increase by 4.3 percent.

—The public consumption funds will rise by 5.1 percent, which is higher than the figure planned for in the Law on the Ninth 5-Year Plan (4.7 percent).

—The population's real incomes will increase by 3.7 percent, which is also higher than the figure provided in the Law on the Ninth 5-Year Plan (3.4 percent).

—Everyday services to the population will grow by 8.8 percent, and so on.

Basic funds to the value of about 8,900 million leva will be put into operation, which represents a growth of 26.7 percent. These include such projects as the No 5 unit at the Kozloduy Nuclear Power Plant, the Dimitrovgrad Chemical Combine, and others.

It should be pointed out that in nonagricultural production and activities the expected results are even better. The portion of the national income from nonagricultural activities will increase by 5.8 percent.

As well as quantitative changes in the economy, progressive structural changes are also under way that create conditions for further increasing the economy's efficiency.

The greatest proportion of the structural changes during the year are being carried out in the following sectors: electronics production, in which a growth of 15.2 percent is expected; microelectronics, with a growth of 23.9 percent; production of metal-cutting machines and robots, where the expected growth is over 14.0 percent, and others.

Production **output for the domestic market** is expected to rise by 14.8 billion leva, an increase of about 4.4 percent. However, due to the population's increased purchasing power during the year, the market's condition, taken overall, cannot satisfy us. One of the reasons for this state of the market is of course due to the difficulties in agriculture and the major production accidents at Devnya and Svishtov.

At the same time, it must be stated openly that there are quite a number of agro-industrial complexes even now which, when the harvest was rather scanty, permitted products to be left in the fields, and for this there can be no justification.

In a number of cases, mainly due to subjective reasons, the market failed to receive goods in popular demand. Some of the services offered already do not meet modern requirements in quantity, structure, or quality.

A number of weaknesses that have already established features could not be overcome during the agricultural year that is now coming to an end.

—Certain organizations are lagging behind in **introducing the planned scientific and technical achievements.**

—**The quality** of many products continues to create problems both for domestic consumers and for our foreign trade partners.

—**Contract discipline** between enterprises has still not reached the required level, and mainly for this reason numerous difficulties were caused during the year in material-technical supplies.

All these committed weaknesses are being borne in mind in preparing the plan for next year and in drawing up the necessary measures for its practical implementation.

As a whole, the expected results for 1987 provide grounds for concluding that what has been achieved forms a good basis for the further accelerated development at the economy during the coming years of the 5-year-plan period. This is an enormous achievement of millions of working people, and is a fruit of our party's intense organizational work.

II. On the Draft Plan for Bulgaria's Scientific, Technical, and Socioeconomic Development in 1988 [subhead]

Comrade People's Deputies,

The draft plan drawn up for 1988 is an inseparable component part of the State Plan for Bulgaria's Scientific, Technical, and Socioeconomic Development During the 1986-90 Period.

The draft plan was discussed together with the draft budget at the 13 November 1987 plenum of the BCP Central Committee and approved for submission to the country's supreme legislative body—the National Assembly.

The chief criterion used in drawing up the draft plan was the decisions of the 13th BCP Congress; the postulates, conclusions, and decisions of the July and November 1987 plenums of the BCP Central Committee, and the considerations of Comrade Todor Zhivkov on the state of the plan for the Ninth 5-Year Period.

The draft plan provides for the implementation of the following main tasks:

First. It provides for stable and dynamic development of our economy next year, implementing a change to qualitatively new growth on the basis of the advantages of intensive and technological factors. It deepens and extends the progressive structural changes in the production complexes and the national economy as a whole that have been achieved during the first 2 years of the 5-year plan.

At the same time, the draft plan creates conditions for further progressive restructuring of the economy on the basis of accelerated introduction of scientific and technical progress and the execution of new structural and technological maneuvers in the leading production complexes.

Second. It opens up opportunities to begin even in 1988 on the gradual achievement in stages of some of the tasks in the social field that stem from the decisions of the July plenum of the BCP Central Committee, and imparts a fresh impulse to the speedy solution of social problems. On the basis of the concept of the draft plan relating to social policy, the draft plan embodies the postulate of the plenum such as satisfying in an integrated manner the needs of man as a worker, consumer, and creator of material and intellectual wealth—because man is the main factor in the restructuring.

Third. It creates material and financial conditions for the real expansions of self-management in the enterprises, economic trusts, and production complexes. On this basis it can be expected that self-management will develop next year and materially realize its enormous potentialities to a far greater extent, forming the deciding factor for efficient management and administration by labor collectives of socialist property handed over to them.

A further guiding principle in drawing up the plan was the understanding that 1988, on the one hand, is the first year of the practical realization of the Basic Principles of the Conception for the Further Construction of Socialism in Bulgaria and, on the other hand, it is of key importance for fulfilling the Law on the 1986-90 5-Year Plan.

When compiling the draft plan, special attention was given to solving certain structural problems in the economy that have arisen due to the effect of a number of objective and subjective factors.

However, attention was chiefly directed toward working out a realistic and balanced plan; this was the basic, essential aim of the work carried out.

It must be stressed that a number of difficulties appeared in attaining this goal, because the basic feature of the present stage is that the radical change from extensive toward intensive development has to be implemented without adequate reserves and with a relatively high strain on the material and foreign exchange balances.

Although not everything is satisfactory in **dialogues** conducted between the various planning levels, it may be considered that a fundamentally new approach and a

new style of work in preparing the plans have been found and are being consistently consolidated. A dialogue based on equal rights and responsibilities must be established more and more as the only true work method.

A considerable part of the dialogues centered on overcoming the stereotype of extensive growth, that is, ensuring an increase in rates of growth mainly at the expense of involving more resources—labor, material, financial, foreign exchange, and so on, without contributing toward an adequate rise in the economy's efficiency.

Proof that a new mood of attunement has been created in the cadres is the fact that in the proposed draft state plan and the draft plans of the production complexes the differences regarding the main problems were overcome in the course of the dialogue.

Undoubtedly, many more tasks remain to be resolved in the field of further improving the planning process. However, the chief point is that the new approach has convincingly demonstrated its advantages in practical work.

Thanks precisely to this new approach, the draft plan creates conditions for radical restructuring of the work on conduction of the party's economic policy and implementing the basic trends, rates of growth, and proportions adopted in the Law on the Plan for the Ninth 5-Year Period.

General Economic Indices of the Plan, Rates of Development, and Basic Proportions in the National Economy [subhead]

The draft plan, based on changing over to predominantly intensive factors and achieving resource-saving and technological growth, ensures high, stable rates of development.

The economy's continuing dynamic development finds succinct expression in the planned increase **in produced national income.** Compared to 1987, this income will increase by 6.1 percent and will reach the value of 30,060 billion leva, expressed as the new wholesale prices. Thus, for the 1986-90 period overall an average annual growth rate of about 5.5 percent will be attained, whereas the Law on the Ninth 5-Year Plan provides for 5.4 percent.

The entire increase in the national income will be provided by the planned rise of 6.6 percent in social labor productivity, as against 1987.

The intensive factors—**reduced material, energy, capital, and labor content of social production**—will play a major role in dynamically increasing social labor productivity.

—**Material costs** per 100 leva of production will fall in the 1986-88 period by 3.7 percent, thus achieving the annual 1.1 percent reduction provided for in the 5-year plan.

—In order to produce each 100 leva of national income, less will be consumed in 1988 than in 1987: 2.5 percent less **energy** in the form of nominal fuel, 1.6 percent less **electric power,** 1.3 percent less **ferrous metals,** and so forth.

—**The labor content** (wage costs in producing 100 leva of national income) will fall from 33.7 leva in 1986 to 32.0 leva in 1988.

The planned development of the intensive factors creates conditions for increasing the economy's efficiency. **Profitability,** measured in profit per 100 leva of production funds employed, will increase to 7.38 leva from 6.12 leva in 1986.

Through the distribution of the national income, conditions are being created both to meet the current social and other needs of the population and to resolve the strategic tasks of the country's future development. Some 22 percent of the national income utilized is being allocated to the accumulation fund, and about 78 percent to the consumption fund.

Positive changes are occurring in the structure of the accumulation fund. The proportion of basic funds is increasing, while that of the material circulating funds is falling.

The volume of capital investments is planned to reach over 10.5 billion leva. In the planned investment structure, viewed over the 1986-88 period, about 76 percent of investments will be allocated for the technological renewal of production. This percentage is at the level provided for in the Law on the Ninth 5-Year Plan. Basic funds worth more than 10.4 billion leva will be brought into operation, representing a growth of around 17.6 percent. These include such projects as the "Stan-300" near Burgas, the thermal calibrating shop in the Lenin Metallurgical Enterprise, new capacities at the Botevgrad Semiconductor Plant, modern pig farms in Sliven, Blagoevgrad, and Preslavets, and others.

Important structural changes are planned in **investment activities.** The relative percentage of machinery and equipment in material product will increase from 49.4 in 1986 to 53.0 percent in 1988, while the percentage of architectural and building works will correspondingly fall from 28.1 to 22.8 percent.

The plan provides for a greater concentration of resources and a reduction in the construction time of the projects. On this basis uncompleted construction will be cut from 115.8 percent of the amount of the capital investments at the end of 1987 to 108.0 percent at the end of 1988.

The country's **foreign trade relations** will continue to develop dynamically next year. Conditions are being created to deepen and expand our country's participation in the international division of labor. A great

contribution to this will be made by new forms of economic, scientific, and technical cooperation with socialist countries, and especially with the USSR. This will include direct links between production and scientific organizations, joint enterprises, and the conduct of exchange operations on a broad basis.

The structure of exports will continue its tendency toward improvement, and the percentage of machinery and equipment exported will reach 66.0 percent of the whole. Positive changes are also appearing in the product structure of export commodities. This relates to the greatest extent to the export production of the electronics and electrical engineering industries, small-run chemical production, transport machine building, and others.

Imported resources are to be concentrated in the structure-determining sectors. It is planned for the percentage of imported machinery and equipment to reach 41.8 percent of all imports, which is an increase over previous years. This is a good basis for the planned technological and structural renewal of production.

Conditions are being created for fulfillment of our goods exchange obligations to the socialist countries. The payments due for the year in respect of credits received will also be guaranteed.

The necessary measures have been drawn up to improve the country's foreign exchange balances with the capitalist countries. This basis for this will be the consistent application of the principles of foreign exchange self-financing by the goods producers and the heightening of their participation and responsibility for the state of the country's foreign exchange.

The material tie-up of the draft plan is in conformity with the real capacities of our own production and technological base and the opportunities for export.

It is planned to increase production of a number of basic raw and other materials, including electric power, rolled ferrous metals and other ferrous metal products, mineral fertilizers, grain, building materials, timber materials, and others.

The material balances ensure provision of the resources required for fulfillment of our obligations under the agreements with the other socialist countries, for planned growth in the commodity funds and ensuring fulfillment of the state orders.

Given the existing capacities for the production and import of basic raw and other materials, fuel, and energy, it is vital that these should mainly be directed to meeting the requirements of the structure-determining production complexes.

One fundamental task next year will be to ensure that planned rates of development of the national economy as a whole and of individual complexes are reached with considerable savings in material and energy resources. In practice this means **a new attitude and a new approach toward resource utilization,** to ensure the production of more end products of a higher quality from each unit of initial raw material.

It should be borne in mind that serious problems may crop up during the implemention of the plan unless production of raw and other materials is fulfilled smoothly and the economic utilization of these materials is ensured.

The necessary stability of material and technical supplies will be fully guaranteed next year, while observing the approved consumption norms.

The basic **state orders** for the production of the most important types of goods have also been determined. These will ensure that accepted international obligations are fulfilled and that our country's basic resource requirements are met.

At present, the overall number of state orders is about 100, distributed as follows:

—for raw and other materials, 43;

—for consumer goods, 27;

—for machinery and equipment, 18;

—for agricultural production, 7, and so on.

In value terms, the state orders cover about 35 percent of planned volume of production. This is fully in accordance with the policy of increasing the independence of the goods producer organizations. This percentage will fall in the future.

The norms have also been determined for the consumption by economic organizations of the principal energy resources and raw and other materials. These norms will completely ensure production of structure-determining products and consumer goods for the population.

As a whole, the basic economic growth indexes proposed in the draft plan and the provided resources ensure conditions for fulfillment and, in most cases, overfulfillment of the indexes and rates of development specified in the Law on the Plan for the Ninth 5-Year Period.

Structural and Technological Reorganization of the National Economy [subhead]

The processes of structural and technological renewal of production will continue next year to form the basis and be the chief factor for qualitatively new economic growth.

—The priorities in the development of the individual production complexes are a concentrated expression of the practical realization of this policy.

—Accelerated restructuring is planned both among individual complexes and within the complexes themselves.

—The complexes that are standard-bearers of modern scientific and technical progress will develop at the fastest rates, and within them the fastest rates of development will be achieved in sectors that promote the greatest efficiency of the national economy.

The unifying feature of these processes is the fact that they will all be implemented on the basis of scientific and technical progress.

Certain characteristic features should be pointed out in this connection:

—It is planned to start work on implementing certain major national scientific and technical projects, which will form the basis of our technological growth during the next 5-10 years.

—The balance of technological links drawn up at the start of the 5-year-plan period is being developed, brought up to date, and, most important, being provided with the necessary resources in a balanced manner.

—The new strategic sectors are being provided to a much greater extent with their own scientific-technical, production, and resource in-depth backup [til]—from raw materials to the final stages. With this goal, it is also planned to complete a reorientation of certain low-efficiency enterprises in the structure-determining directions.

—The necessary conditions and resources have also been provided for our country's participation in the Comprehensive Program for the Scientific and Technical Progress of the CEMA Member Countries, as well as for international scientific-technical complexes being set up jointly with the Soviet Union.

Priority in technological renewal and production restructuring will be given to the production complexes connected with electronics, the biotechnological and chemical industries, and machine building. The material, foreign exchange, financial, and other resources will be predominantly concentrated on these, and the entire contemporary arsenal of electronics applications will be drawn upon for their benefit.

The overwhelming proportion of the 110 plus basic technological systems with over 300 technologies that form part of the balance of technological links are associated precisely with the above-mentioned complexes, as follows:

—electronics: 26 technological systems and 50 technologies;

—biotechnological and chemical industries: 16 systems and 57 technologies; —machine building: 29 systems and 55 technologies;

—metallurgy and mineral resources: 6 systems and 27 technologies.

The production is planned of about 135 new and improved products, of which 90 will come into production for the first time in 1988.

The structural renewal of production encompasses a substantial part of the production of the leading complexes.

In 1988 the electronics industry will continue to play the chief role in technological renewal.

Compared to 1987, the output of electronics products and products with an electronics content will rise by 19.2 percent, while 58 percent of the products will be updated.

In further improving the product structure, priority will be given to structure-determining products.

Production of the following will rise at particularly fast rates:

—project design automation systems, by a factor of 8.8;

—modules and modular systems for controlling technological processes, by a factor of 4;

—high-productivity computer complexes, by a factor of 2.5;

—flexible automated production systems, by a factor of 4;

—metal-cutting machines and robots, by a factor of 14.2, and so on.

It is planned to expand the production of new generations of numerically programmed control units, industrial robots, integrated systems for the automation of assembly processes, software products for the automation of technological and information processes, high-precision metal-cutting machines, and other products.

Laser technological systems designed on the basis of a synthesis of optical, electronic, and information technologies, will develop at a fast rate, increasing in excess of 2.5.

The growth of microelectronics next year will ensure that the mean average growth for the first 3 years of the 5-year-plan period will reach 29 percent, as against the 24.6 percent provided for in the 5-year plan.

The restructuring of electronics guarantees conditions for carrying out the tasks set for the gradual creation of unmanned technologies and cybernetic control systems based on combining electronics with the industrial and control technologies throughout the national economy.

The envisaged development of electronics will considerably expand the country's export resources.

There will be a rapid rise in production in **the biotechnological and chemical industries**, namely 6.4 percent, or 9.6 percent if petroleum refining is not included. The transition to in-depth structural reorganization will be a characteristic feature for the complex. The production application and expansion of biotechnology is beginning to play an ever increasing role in this complex, in the form of membrane technology, complete automated process lines, machines and equipment for the food and tobacco industry, biotechnological equipment, biotechnical instruments, and so on.

The production of the **small-run chemical sector** will rise by 15 percent, while its development will be primarily aimed at introducing technologies for pure and ultrapure materials for electronics, technologies for producing polymers and copolymers for structural design purposes, and so forth. It is also planned to carry out the technological renewal of the high-tonnage chemical and petrochemical capacities, with a view to raising their technical level. Resources are also being provided for the start of work on restoring the accident-damaged major production capacities at Devnya and Svishtov.

In the **machine building** field priority will be given to developing the new technological trends, as well as those sectors in which our country holds established positions in the international division of labor.

The main feature in the development of **transportation, agricultural, and building equipment** is the changeover to modern, highly efficient machines and machinery systems that are in demand in the world market. Compared to 1987, production output will rise by 7.6 percent.

Technological renewal is directed toward introducing new and improved technologies for machining metals and components, automated assembly, and the application of electronics to the equipment produced.

In order to further improve the product structure, it is planned in 1988 to start producing robot lift trucks, special-purpose electric and internal-combustion-engine-powered lift trucks, and other products. The product ranges of electric hoist equipment and transporting manipulators are to be expanded with new families of factory conveying and transport systems. There will also be an increase in the number of vehicles of specialized or special-purpose design. Particular attention is being paid to agricultural equipment and to equipment for finishing operations in construction.

The main task in the development of **heavy machine-building** is to make effective use of the modern production capacities that have been built for the purpose of modernizing the other complexes and operations with systems and automated machines and equipment.

One priority trend will be the mastering and production of complete equipment for the mining and extraction industry, the production of building materials, the power industry, and metallurgy, such as combined rotor machines, rotary excavators, automatic units for metal powder pressing, crane vehicles, integrated miniature hydroelectric power plants [VETs], and powerful high-voltage induction motors. A start will be made next year on the production of coal-cutting machines, pig iron and slag cars, heavy tools for machining metals, specialized cranes, and other products.

Production in the complex will rise by 12.5 percent as compared to 1987.

In order to ensure the balanced development of the national economy, the draft plan also includes provision for the required growth and structure in the raw-material and infrastructure complexes and operations.

In **metallurgy and mineral raw materials,** the main trend is connected with achieving increase in quality and product ranges in the production of ferrous and nonferrous metals, rolled metal products, and articles made therefrom.

The product structure of **ferrous metallurgy** will be further improved by increasing the relative percentage of the structural steel grades, which will rise to about 31.0 of production.

In 1988 it is planned for the production of the complex to increase by 7.2 percent as compared with 1987. Particular attention is being paid to ensuring a heavier loading of the existing capacities, as well as to rapidly putting into commission the new production capacities: Stan 300, near Burgas, and the G. Damyanov Combine in Srednogorie.

The development of **the power industry** guarantees meeting the country's power requirements by applying the approach of resource-saving economic growth.

To meet the power industry's requirements it is planned to allocate over 1.5 billion leva of capital investments, which is almost one-fifth of the investments in the material sphere.

Electric power production, which will be 6.6 percent higher than in 1987, is to ensure normal electricity supplies to the country. The delays in construction of the new power capacities that are becoming apparent may lead to disturbances in the country's electric power

balance, mainly in providing capacities to meet consumers' requirements. This lag must be compensated for by urgent measures on the part of the investors, building organizations, and equipment manufacturers.

From 1988 on, it will be mandatory to design all new buildings with electronic control of the central heating equipment, which will form an important standby for saving energy.

The draft project for the development of the **"Industry for Man"** sector provides for fuller satisfaction of the domestic market's growing requirements for goods with the appropriate qualities, conforming to the changing structure of consumption.

Production output will rise considerably as compared to 1987, and will reach a value of almost 4.9 billion leva. There will be a rise in production of cotton, woolen, and silk fabrics, knitwear, tailored articles of clothing, footwear, and other products. Much attention is being paid to the development of the raw material base of the complex.

The planned development of **the forest industry complex** will, as a whole, meet the national economy's requirements for timber materials, packaging and wrapping materials, furniture, paper, cardboard, and sanitary and health products. Production is planned to rise by 4.9 percent as compared to 1987.

At the same time, it is necessary to adopt vigorous measures to restrict the unjustified wastage of paper materials, on which the country spends considerable resources.

In **agriculture** the main task is to overcome the difficulties and lagging in fulfillment of the plan during the first 2 years of the 5-year-plan period. Appropriate measures are planned and the necessary resources have been allocated to stabilize grain production, develop irrigation farming, halt the continuing falls in numbers of cattle and smaller animals, and increase production of meat, milk, and eggs.

The tasks laid down in the agricultural sector for 1988 are demanding ones, when one compares them with the production expected this year, but they are realistic when compared with preceding years. Overall, during the first 3 years of the current 5-year plan average annual production has been increasing by 5.4 percent, as compared with the mean annual production achieved during the Eighth 5-Year Plan period. In 1988 bread and feed grain production is planned to reach 9.9 million tonnes; meat production (slaughter weight) will be 769,000 tonnes; milk, 3 billion liters; eggs, 3 billion; vegetables, 2.2 million tonnes; and fruit, 2.6 million tonnes.

There can be no doubt that the decision of the BCP Central Committee Politburo regarding a qualitatively new stage in the development of agriculture opens up new opportunities in the attainment of these indexes in practice.

In **construction and the building industry** efforts are being directed at achieving the basic task of successfully completing the building program, meeting more completely the population's requirements for building materials, and fulfilling the country's obligations relating to construction of the Yamburg-Western USSR Border gas pipeline.

Building and installation works will increase by 3.7 percent as compared to 1987, and production of building materials will rise by 5.5 percent.

Next year will see a continuation of the reconstruction and modernization of **transportation** and the building up of the road network. In addition to this, the control of freight and passenger journeys and vehicle movements will be further improved through the even wider introduction of electronic systems. On this basis the requirements of the national economy and the general population relating to transportation services will be more fully met, with an improved quality of services.

Communications development is aimed at ensuring better reliability of the communications system by introducing qualitatively new switching and transmission equipment. Work will continue on extending television and radio coverage of the country. Concerning the Plan's Social Aspects [subhead] The enhanced social orientation of the draft plan according to the premises of the BCP Central Committee July and November plenums, and turning the social aspects of the plan into one of the "main pivots," are among the main characteristics of the draft plan. Therefore, during the working out of the draft plan, attention was devoted to problems related to the standard of living, social changes, intellectual development, and environmental protection.

During the next year the means allocated for the social sphere and the population's incomes will increase significantly. However, this is only a part of the social policy.

The question concerns first of all the **new quality of life** of the socialist worker and our country's citizen. This new quality means:

—more opportunities for creative expression of the personality;

—better medical services;

—more goods and services of better quality;

—better labor environment, and so forth.

This is so because each of us—the worker, the student, and so forth—is interested not only in the general data on the development of the economy. It is totally natural that he is interested in what all this means specifically to him and how it will affect his standard of living.

All those aspects of the plan were the subject of a profound and frank discussion at the BCP Central Committee. The tasks and indexes, set by the draft plan, were approved by our trade unions.

What has been planned in the social area for 1988?

The planned increase of the **per capita income** during the year will ensure a growth of 11.3 percent during the first 3 years of the 5-year plan period, which is more than the figure envisaged by the 5-year plan.

The average monthly salary will reach 240 leva, and in general for the 3 years of the 5-year plan it will increase 12.1 percent. The increase of the labor wages complies with the 5-year plan and creates conditions for gradually introducing the new payroll and tariff wages.

The per capita social consumer funds will increase 5.1 percent in 1988, and as a whole for the 3 years of the 5-year plan period—15.5 percent. The general increase envisaged for the 5-year plan period is 25-26 percent. The pace of increasing the social funds will be determined by the increase of the means for updating old pensions and granting new ones, measures related to the social security draft law, and the real volume of the means of developing education, culture, and health protection.

The dynamic development of economy during the next year gives us the opportunity of posing the issue of increasing the minimum pension by the end of the year.

Special attention has been devoted to stabilizing, enriching, and diversifying the market, and balancing the population's income with a sufficient commodity supply, [stokovo pokritie] in other words, balancing a formula **"the population's purchasing fund—commodity funds, services, and apartments."**

Conditions have been created to gradually overcome the general and structural imbalance between the **demand for supply of goods, services, and apartments.**

The fact that commodity revenues will increase 9.1 percent, while the population's purchasing fund will increase 5.8 percent is an important aspect of the plan. Thus, better conditions for improving sufficient commodity supply of the purchasing fund have been created.

In order to enrich the market with additional commodity funds and **state orders** to the commodity producers of the means of production, it has been seen to produce or import with own resources commodities for the population for an amount commensurate with the "Labor Wages" fund.

The plan ensures conditions for improving the structure of alimentation, increasing the per capita consumption of food, and satisfying the families' need of durable consumer goods. The per capita consumption and the average consumption of 100 families of the population for the 3 years of the 5-year plan conforms the amount envisaged by the 5-year plan period law.

It has been predicted that the per capita consumption will reach: meat and meat products—76.5 kg; fish and fish products—10.1 kg; milk and dairy products—233 liter; eggs—265 units; vegetables—128 kg; fruit—135 kg; and so forth.

The consumption of nonfoodstuffs will be as follows: cotton textile—27.8 square meters; knitwear—14.4 units; and footwear (excluding slippers)—2.7 pairs.

The durable consumer goods per 100 families will reach: television sets—100 units, including 36 units color television sets; washing machines—96 units, including 18 units automatic washing machines; refrigerators—98 units; private cars—40 units, and private telephones—48.5 units.

Nevertheless, it must also be taken into consideration that also during the next year the market demand for certain goods such as private cars, certain industrial consumer goods, some kinds of baby food and prepared and semi-prepared foods, and so forth, will not be satisfied. Special measures have been predicted for these and other goods in order to have a large enough supply by the end of the 5-year plan period.

The plan forsees the quick increase of 12.8 percent in **consumer services** for the population. However, the development of these services so far significantly lags behind the figures envisaged by the state plan for the current 5-year plan period. This is mainly a result of the lowered plans in this sphere for 1987, adopted by the economic enterprises.

In order to have more and more diversified goods and services it will be necessary even next year to eliminate all excessive bureaucratic barriers hindering the development of individual and cooperative activity.

Construction of 81,000 apartments is planned during the next year—an increase of 14.2 percent in comparison with what is expected for 1987. Thus the per capita dwelling area will reach 16.7 square meters. The structure of the newly constructed apartments will improve by increasing the share of the 3-room and larger apartments at the expense of the 1- and 2-room apartments.

In general during the first 3 years of the 5-year plan period, the construction of 208,000 apartments, which is 52 percent of the task posed by the 5-year plan, is planned. Since the construction possibilities are limited at present there is no real possibility to plan a greater increase.

In this context it has been specifically agreed with the "Construction and Construction Industry" Association that during the next few months a propose on revealing new potentials in apartment construction will be worked out. Simultaneously, it has been proposed to allow the use the capital investments in the main industrial centers, where the housing problem is especially acute, without any limitations.

The share of heated apartments until the end of 1988—24.7 percent—fulfills the quota until 1990, envisaged by the 5-year plan.

The draft plan envisages the further development of the activities, which contribute to **protecting the population's health and labor ability.**

Conditions of further **developing education, culture, and the mass media** have been ensured.

The population's need of health assistance will be better satisfied. The care of mothers, children, and students, as well as the labor health protection will improve. The percentage of the population covered by dispensation control will reach 61 percent.

A significant growth in capital investments in the nonproduction sphere has been planned in order to solve important issues of the social and intellectual spheres. In comparison with 1987, these investments will increase 13 percent, including: for apartments—13 percent; education—more than 22; percent, health protection—16 percent; science and scientific services—18 percent; and so forth.

The necessary investment means will be taken on measures related to **protecting and reproducing the environment.** During the year some 12,600 decares will be recultivated, 500,000 decares will be provided with anti-erosion defense, and 350,000 will be afforested again. The work related to protecting the purity of the water, air, and soil will continue in order to maintain the ecological equilibrium.

The Municipal People's Councils and the economic organizations must take the appropriate measures and create the necessary conditions of **improving the traffic organization, safety, and culture.**

Developing Territorial Communities [subhead]

The territorial aspect of the draft plan has been composed in accordance with the new territorial organization.

The developments have been done according:

—**to oblasts:** to reveal and utilize the reserves of the territorial concentration and specialization of production and the integrative development of the activities related to the complex servicing of the population.

—**to municipalities:** to ensure the harmonious development of the technical and social infrastructure and satisfy the population's need of agricultural products by their own means.

The great potentials of the new territorial communities are yet to be implemented, however, the plan for the next year has already created conditions of their gradual implementation. It is envisaged to promote a **further drawing closer together of the socioeconomic development of oblasts.** Khaskovo, Razgrad, and Mikhaylovgrad Oblasts appear to have achieved a higher growth of net production compared with the country's average growth. The highest rate of increase per capita income is also expected in these oblasts, as a result of which the difference in the index between the highest and lowest level of oblasts will be reduced from 1,340 leva in 1985 to 1,200 leva in 1988.

Opportunities for **leveling living conditions** in individual territorial communities are expanding as well. Housing construction is mainly directed toward the capital, Sofia, and toward Plovdiv, Burgas, and Khaskovo Oblasts. Conditions are provided for completing a number of educational institutions' building projects in Sofia City, in Plovdiv and Burgas Oblasts, where such buildings are most urgently required.

Building projects of health institutions will be totally, or partially commissioned in Stara Zagora, Burgas, Radomir, and other towns in the coming year. Prerequisites are being created to guarantee normal water supply for the population in seaside areas and the summer resorts of Burgas and and Varna Oblasts, as well as in certain municipalities of Lovech Oblast, and others.

The necessary resources have been provided for the accelerated construction of the Sofia subway.

Additional potentials have been revealed for the integrated use of **labor resources and investments in the social sphere** by municipalities and oblasts in solving the problems of the overall development of territorial communities.

Capital investments of territorial communities for the construction of their technical and social infrastructure are planned on the basis of priority development of **bread production, housing construction, building of water supply projects, and expanding the network of educational and health institutions.**

This makes it necessary for the people's councils to make these priorities the basis of lists which are in preparation describing all investment projects for the forthcoming year, and to avoid wasting investment means on purely prestigious projects.

As early as of 1988 the municipalities should make decisive steps in the joint development of capacities for servicing the population.

III. Concerning The New Economic Mechanism and Economic Regulators Under Self-Management Conditions [subhead]

In accordance with the decisions of the BCP Central Committee July and November plenums a new economic mechanism system has been developed. It creates the necessary, normative conditions for practical implementation of the party's new economic strategy, in accordance with the concep' of further construction of socialism in our country.

The most extensive reform, as regards its scope and intensity, encompassing nearly all aspects of economic management, will be actually implemented in 1988.

First. On the basis of the postulates and requirements of the BCP Central Committee July and November plenums the **Code on Economic Activity** should be fundamentally revised.

The aforementioned code and the documents pertaining to it are introducing substantially decisive changes in national economic management:

—This actually marks the beginning of a major restructuring process in the methods and means of economic management, based on the principles of socialist self-management.

—The labor collectives of commodity producing enterprises are assuming full authority and are becoming responsible for the management and administration of the socialist property that has been entrusted to them.

—Social communities and labor collectives determine their own composition and elect their own leaders.

—The functions of state organs, as regards ensuring strategic planning and managing economic activities through the system of economic prerequisites, norms, and regulators, are determined on a principally new basis.

—Prerequisites are created for coordinating the economic interests of labor collectives and individual workers on the one hand, and state interests on the other hand, as well as for more efficiently using these interests as a moving force of social development.

It is important to point out that thanks to the new code, all enterprises have equal economic conditions, regardless of their area of activities—industry, agriculture, cooperatives, and so forth.

Second. This is the beginning of a transition to coordinate domestic prices with international ones. As a first step, we propose as of 1988, to extend this new system to **the wholesale prices** of 22 percent of the structure-determining branches in the country's list of products. Gradual changes will be introduced in the prices of the remaining lists of products by the end of the current 5-year plan period.

The proposed price changes pertain to the following areas are:

—Wholesale prices of liquid fuels, of electronic equipment, and other products are to be reduced and respective price changes will be introduced in the sectors of ferrous and non-ferrous materials, as well as for certain chemical products.

—Prices for transportation services are to be better coordinated with international tariffs.

—Additions are applied to the prices of basic agricultural products, without changing prices in the food processing branches.

—A system of strict state control has been developed in the price formation sector.

Amendments to wholesale prices will not affect the retail prices of goods and services for the population, according to recent rumors about an alleged increase in prices as of 1 January 1988, claim. Such rumors are totally groundless.

The transition to new wholesale prices makes it possible for our economy to react much more flexibly to the changes in the world economic sphere and to increase its competitive abilities.

Third. A major **tax reform** of wide scope is envisaged. The new taxation system includes a number of vitally important factors.

The following taxes are planned for the enterprises:

—**Tax on basic production funds** amounting to 3 percent of their value.

—**Tax on the the enterprises' own turnover means** amounting to 4 percent.

—**Manpower taxation** amounting to 600, 420, and 300 leva annually per individual employed worker in accordance with the territorial location of the respective enterprises, the highest normative being in centers affected by manpower shortage.

Substantial changes are proposed as regards the **turnover tax** which from now on will be determined according to groups of products.

Uniform **taxes on profits** for all enterprises are proposed—40 percent on the residue profit after all other taxes have been paid.

As an exception, in 1988 only, a temporary increase of taxes exceeding this norm will be introduced for a certain number of enterprises.

Along with this, certain enterprises and activities will be temporarily, either totally or partially, exempt from taxes on their profits until they are stronger economically.

The tax reform represents a resolute step forward along the path of creating the necessary prerequisites for the self-financing and self-management of enterprises. This greatly contributes, at the same time, to reducing the redistribution processes through the state budget.

Fourth. It is planned, as of 1988, to begin introducing a **new basic wages system.**

The proposed system represents a qualitatively new approach to the problems of labor wages and their settlement. The former restrictions which prevented us from using labor wages as a powerful economic lever have been overcome.

The basic advantages of the new system can be described as follows: —Bureaucratic and restrictive factors, which have always been subjected to criticism are to be eliminated from the labor wage system and will be replaced by economic regulators.

—A high flexibility of labor wages is ensured in accordance with the collective and individual working results.

—Leveling tendencies have been overcome and the correlation in the remuneration of different categories of personnel will be improved.

—An optimal, democratic spirit in the labor wage system is ensured by granting the right of determining specific wages to the commodity producers, labor collectives, and social communities themselves.

—Improvement of educational and professional qualifications of the cadres is provided for by the new system.

In accordance with the draft project that has been developed in this respect, three qualification steps and respective, basic wage schedules are to be introduced.

For manual workers the following correlation of labor wages is proposed:

—First grade: 140 leva.

—Second grade: 205 leva.

—Third grade: 300 leva.

For specialists of higher educational levels the following basic wage schedule is proposed:

—First grade (specialist): 230 leva (this means an average monthly wage in national economic branches during the current year, which is subject to periodical changes).

—Second grade (senior specialist): 350 leva.

—Third grade (chief specialist): 450 leva.

In the case of **leading cadres** the following basic wages are proposed: First grade: 350 leva. Second grade: 450 leva. Third grade: 550 leva.

Strict requirements will be applied for promotion from one grade to the next.

There will be certain bonuses added to the aforementioned wages, for some categories of labor according to its nature.

Everyone who is engaged in honest work is guaranteed the necessary social minimum by the state in accordance with the work he is doing and in accordance with the results of his work. Those who achieve better results should obtain better wages.

The basic wages in each grade of qualification can increase without limitations, in accordance with the results achieved

By activating progressive taxation when there is an 80 percent wage increase, an economic influence will be achieved that will limit the excessive growth of individual labor wages. Simultaneously, great opportunities for wage flexibility will be preserved. The taxes are to be paid from the "Labor Wages" fund of the respective enterprise.

The establishment of a new wage schedule will be freely determined by the enterprises within the framework of their "Labor Wage" fund, while the state will just set up the regulations for the formation of the joint fund [obshtiya fond].

The new basic wage system will create requisites for greater labor initiatives and for better use of manpower, because the labor collectives will decide alone how many workers will accomplish the work assigned to them and what kind of wages will be paid. This is a tremendous step forward in the social sphere. A no less important factor in this respect is that, through the wage system, this will promote control "from the bottom" of the management, the enterprise, the respective trust, and association.

The introduction of a new basic wage system will not be automatically introduced as of the beginning of 1988. Everyone should become aware of the fact that the basic prerequisite for this will be the economic and organizational readiness of each self-managing organization to accomplish this step involving special responsibility.

The transition to the new wage system is to be accomplished within the framework of the "Labor Wages" fund for 1988. Those collectives which are sufficiently prepared for this step can start introducing the new wage system as of the beginning of 1988.

IV. Concerning the 1988 Draft State Budget. [subhead]

Esteemed Comrades National Assembly deputies, the draft state budget creates the necessary prerequisites for the achievement of the goals and tasks set up by the plan. The financing of the current reproduction process, of investments in the non-production sphere, and in some production branches which are of particular importance for our national economy, as well as in social consumption funds, and financing of the country's defense and security are guaranteed.

In the field of revenues and expenditures the budget proposed amounts to 22.952 billion leva. On a comparative basis, revenues and expenditures are increasing by 7.1 percent compared with 1987.

The budget is compiled, taking into consideration the new wholesale prices and the new taxation system. Under these conditions, new factors emerge which are connected with balancing relations between the state and the self-managing economic organizations. As was already stressed, the pre-distribution [prerazdelitelni] processes are reduced in the budget and the enterprises are granted more of their own means for financing the reproduction process.

More opportunities are created on this basis for a 500 million leva reduction of the subsidies from the budget for formerly unprofitable, or low-profit goods in nonferrous and ferrous metallurgy, in the cellulose; paper production sector, and in certain rear echelons of production.

In 1988 approximately 92 percent of the budget **revenues** will be provided by the national economic sector. The greatest portion of these revenues will be composed by taxes on production funds, manpower, and profits. The role of taxation on the production resources of enterprises will increase which will exert a respective impact upon the more effective use of these resources.

Along with this, turnover taxes will represent a substantial share of the budget revenues. The amount of entries in the budget from this tax is determined by the volume of goods produced and sold to the population. Real opportunities exist for the increase of this revenue by organizing additional production of goods for the population.

The revenues from the state social welfare and from the Mutual Insurance of Labor Production Cooperatives' Members for 1988 amounts to 4.82 billion leva and they stem from the planned size of the workers wages fund according to the state plan. These revenues cover the expenditures for pensions, financial assistance, indemnities, and subsidies for encouraging a growth of the birth rate.

The revenues from taxes and duties from the population amount only to 8 percent of all entries and their relative share does not change.

The amount of **expenditures** according to the draft state budget is established on a normative basis in accordance with the goals and tasks of the draft plan. This is how the necessary resources for the implementation of the party and state social and economic policy are ensured.

It should be pointed out that a number of qualitative changes are envisaged as regards the **structure** of the budget. As a result of their increased profitability, several economic organizations and enterprises are increasing their own means for financing capital investments. At the same time, along with the development of commercial banks and the establishment of the state credit fund, the role of bank credit in the effective implementation of investments in the material sector is being enhanced. This creates conditions for a considerable reduction of free budgetary financing of capital investments in the production sphere.

While in 1986 approximately 30 percent of capital investments in this sphere were freely financed by the state budget, the 1988 draft budget envisages that this expenditure should amount to 7 percent only, extending mainly to the construction of highways, geological prospecting, land improvement, and so forth.

In accordance with the enhanced role of science in implementing the qualitatively new economic growth, expenditures for scientific-research and practical application of scientific achievements are increasing. The major part of the means required for this goal (approximately 61 percent) will be provided by the enterprises. However, the budget expenditures are considerable. They will attain 324 million leva, or will be increased by approximately 11 percent compared with 1987. These means will be used for financing of fundamental and fundamental-applied research, for the solution of scientific-technical problems, and tasks of a strategic and inter-branch character, as well as for state orders involving scientific-research and technological tasks and for the solution of problems involving a risk.

The 1988 budget envisages allocating 7.677 million leva for the financing of the social consumption funds. This amount is 4.9 percent higher than the one allocated by the 1987 budget.

The envisaged means for **education** ensure the maintainance of all types and levels of educational institutions. Conditions will be created for the further development of the restructuring process in the educational sector.

Expenditures for **health protection measures** will be devoted to the maintainance and expansion of the health system, for the consolidation of dispensary services as a decisive method in the struggle against social diseases, for further improvement of emergency medical assistance, and for receiving free medicine in cases as provided by normative documents, and others.

The necessary financial means for the development of **physical culture, sports, and tourism**, as well as for the maintainance of the population's working capacity and for a long, creative life of our nation are provided for as well.

The means allocated for **social welfare** are considerably increasing, in particular, as regards **pensions.** The expenditures for these goals will amount to 3.4 billion leva, or will increase by 7.9 percent compared with 1987. The necessary means for the increase of pensions namely, for increasing pensions granted in the period between 1 January 1980 and 31 December 1982 as well as for updating old age pensions of cooperative farmers, and others—are provided for.

In accordance with the valid legislation, means for financial compensation and assistance in case of temporary invalidity because of illness, or pregnancy, for raising small children, as well as for monthly children's allowances, are provided for.

The expenditures for the maintainance of state government and state administration organs are set up in accordance with the changes in the administrative-territorial division of the country and in accordance with the changes in the structure of the Council of Ministers, and have been considerably reduced as compared with 1987. As to expenditures connected with administration and representation, a rigorous program of saving is called for.

The draft budget envisages the necessary means for the country's defense and security.

The basically new position of municipalities in our social life enhances their role and requires that their budgets be organized in a new manner. The new economic mechanism and regulators serve the creation of necessary prerequisites for the self-financing of an increasing number of municipalities. According to the new regulations, enterprises will be obliged to make contributions to budgets of the respective municipalities allocations amounting to 5 percent from their profits and 5 percent from the "Development and Technical Improvement" Fund.

At the same time, those municipalities which cannot support themselves will be granted the necessary subsidies from the state budget.

The total budgets of the municipalities will amount to 3.984 billion leva. A total of 30 percent of the expenditures will be spent on education, 22 percent on health protection measures, and 21 percent of the budget will be used for capital investments.

There are opportunities, however, to increase these expenditures through the implementation of the municipalities' own additional revenues. This can be implemented through the active contribution of municipalities to the development of more efficient plans of the self-managing economic organizations, as well as in the process of fulfilling the plans of these organizations.

Comrades National Assembly Deputies, in accordance with the law on the compilation and implementation of the state budget, the National Assembly is expected to approve the report on the implementation of the 1986 state budget.

In accordance with conditions under which the budget was implemented, the Council of Ministers made a few changes as regards the revenues and expenditures of this budget. Effective measures were adopted to reduce the administrative-economic and management expenditures of economic organizations and the expenditures of the budgets of ministries, departments, and okrug people, without negatively affecting the economic development of the country and the social consumption funds.

The 1987 state budget was fulfilled with regard to revenues amounting to 22.8 billion leva and expenditures amounting to 21.910 billion leva. Revenues exceeded expenditures by 98 million leva.

The 1987 state budget appears also to be successfully concluded regardless of the existing difficulties we had to face during this year.

Comrades National Assembly Deputies, these are the basic indexes of the 1988 draft plan and draft budget and the economic conditions under which they will be implemented. The budget and plan of 1 year cannot solve all the problems. The most important and decisive factors of our development are treated on a priority basis. The other problems will be resolved on the basis of the plans for the forthcoming years of the current 5-year plan period.

The 1988 draft plan and draft budget were discussed in the National Assembly commissions. Part of the proposals and remarks submitted are already reflected in the draft projects, while the remaining part will be assessed in the course of implementing the plan and budget.

The implementation of the 1988 draft plan requires full mobilization of efforts in enterprises, economic associations, and trusts, as well as state organs for the application of a new style and method of work in the spirit of the party requirements for uncovering new reserves, in order to provide a solid basis for radical change in the country's scientific-technical and socioeconomic development during the Ninth 5-Year Plan period.

The Council of Ministers will adopt all necessary measures from the very beginning of 1988 so that all enterprises may start their economic work in full readiness.

The BCP National Conference will undoubtedly add new incentives to our work and help us to even more widely to expand the creative and production potential of our country.

On behalf of the government I propose that the National Assembly deputies should approve the report on implementation of the 1986 budget and the submitted draft laws on the 1988 state budget and plan.

Washington Summit, Treaty Discussed
LD132252 Prague Domestic Service in Czech 1400 GMT 13 Dec 87

[Phone-in program presented by international affairs editor Petr Lukes, with Emil Keblusek, adviser to the foreign affairs minister; Dusan Rovensky, press spokesman for the foreign affairs ministry; Bohumil Horak, editor-in-chief of the international affairs editorial office for Czechoslovak radio—live or recorded from studio]

[Excerpts] [Lukes] Good afternoon listeners. We are beginning our discussion on the results of the Soviet-U.S. talks in Washington. Ready to answer your questions in studio seven are the following leading Czechoslovak foreign political experts and commentators: Emil Keblusek, adviser to the minister of foreign affairs; Dusan Rovensky, the press spokesman of the Czechoslovak Ministry of Foreign Affairs; and Bohumil Horak, editor-in-chief of the international affairs editorial office, who has spent the last few days as Czechoslovak Radio's special correspondent in Washington. Welcome to the studio, good afternoon! [passage omitted]

Here is the first question for Bohumil Horak; a lot of listeners have asked this, so I won't name them all. What did it mean for you to work in Washington both as a journalist and commentator, and also as a man on the scene where history was being made. What impressions did Washington make on you?

[Horak] Well I don't like using big words, but it was truly an extraordinary experience. [passage omitted]

[Lukes] Thank you, that was the first question. Now here's the second question, phoned in by Karel Hess of Prague-Liben, who asks how the results of the Soviet-U.S. Summit can be summed up. What essentially did it produce in addition to the treaty on medium-range and operational-tactical missiles? Comrade Keblusek?

[Keblusek] Very briefly, I think that the main thing was the deepening of the political dialogue; this was the third summit between these two countries' leaders. In addition there was a reaffirmation of the understanding achieved in Geneva and Reykjavik, and a reaffirmation of the continuity of this process of mutual discussion, and above all the most important thing is that the statement was reiterated that nuclear war must not be allowed to happen; it cannot be waged, that there can be no winners in such a war; and once again the repeated determination of both governments to prevent such a war was stated, as was the fact that they will not strive to achieve military superiority. Another very important aspect was the declaration of joint responsibility for seeking realistic ways of averting confrontation. Finally, the need was demonstrated to conduct an active dialogue. Naturally, differences continue to exist between both countries, but dialogue helps to find solutions to these differences. Then of course there was the medium and shorter range missile agreement—that has already been mentioned, and, in a manner of speaking, the fundamental guidelines for the negotiations between the delegations in Geneva on reducing strategic weapons. As you know a large part of the actual joint Soviet-U.S. statement consists of the guidelines for the delegations on this issue. This, of course, is exceptionally important because it confirms that this meeting was not some kind of end result, but the beginning of a genuine process of real disarmament. Then there is the whole area of mutual relations to be mentioned. In this sphere, the doors have literally been opened, both in the economic, scientific and technical spheres and in contacts between people. Naturally, both statesmen paid exceptional attention to exchanging views on regional issues, from Afghanistan to the Iraq-Iran war, the Middle East, Cambodia, South Africa, and Central America; here they noted serious differences of opinion, but nonetheless the determination was declared to continue the exchange of views. Overall it can be said that these are the concrete results of that meeting.

[Lukes] Did you want to add something, Bohumil Horak?

[Horak] I would like to add to what Comrade Keblusek said. In addition to all the specific results you mentioned, there is, in my view, another dimension to the Washington summit and that is what we might call the psychological breakthrough made at Washington where both sides—and this was noted by both statesmen, both Comrade Gorbachev and President Reagan—are learning the art of talking along the same lines, learning to rid themselves of the stereotypes which have built up in Soviet-U.S. relations. So there are, of course, the specific results, but no less important is what I would call this spirit of the Washington summit which creates favorable conditions, without, of course, wishing to idealize the situation given all the differences which continue to exist and which were noted by both statesmen. Nonetheless this psychological breakthrough exists, it is the result of compromise, compromise by both sides, which has been very carefully weighed, because it could not be allowed to violate one of the basic principles of international politics, and that is to say the principle of equality and equal security.

[Keblusek] I should also add to what Comrade Horak said, that this is a kind of demonstration of the beginning of new thinking in international relations, the assertion of this basic principle, that is to say the joint discussion of the problems which exist in the mutually interlinked and complicated world.

[Lukes] After that analysis of the results of the talks in Washington, here is another interesting question about the press conference held on Thursday evening, when Mikhail Gorbachev spoke about the contribution made to the preparation of the treaty by the Soviet Union's allies, and he praised their contribution. Comrade

Rovensky, as the press spokesman for the Czechoslovak Ministry of Foreign Affairs, you are a competent person to tell us what specific contribution our country made?

[Rovensky] First of all I would like to say that Czechoslovakia, as was declared in the statement by the CPCZ Central Committee Presidium and Federal Government and in the interview by the minister of foreign affairs to CTK, sincerely welcomes the results of the Washington dialogue. I would like to say that we made a marked contribution, together with our allies, to creating the atmosphere and also to the practical measures which arise out of the treaty. I think that the role of both sides' allies was demonstrated. Let me point out, for example, that on the other side, the Western side, the role of the FRG should be positively appreciated, as should that of Czechoslovakia, the GDR and the other states on the Warsaw Pact side. I think this is a good opportunity to point out that Czechoslovak foreign policy steadfastly strives for complete and general disarmament, and that is also why we fully endorsed the nuclear disarmament program formulated in Mikhail Gorbachev's statement on 15 January 1986. This treaty fully affects us, naturally, and it affects us because missiles are to be withdrawn from our territory, and inspection measures are to be carried out on our territory. Another thing I'd like to point out is that in connection with the prospects for further talks which are taking shape, the proposal for setting up a zone free of nuclear and chemical weapons is becoming important for the future, and this is a joint proposal of ours with the GDR, because the implementation of this proposal which, as I have said, is on our initiative, would further reduce the risk of conflict and would contribute to improving the international climate in Europe. [passage omitted]

[Lukes] We have here a lot of questions. Let us start with the one which is at hand. Ivan (Tlacinec) from Plzen has asked what was discussed in Berlin following the Washington summit? He has, of course, in mind the meeting of the highest representatives of the Warsaw Pact member countries, and to what extent that meeting followed up on the events that happened in Washington? Dusan Rovensky will answer this.

[Rovensky] I would reply that the Berlin meeting was a direct follow-up to the Washington summit. It was a very important event in international life and in relations between the socialist countries because it was in Berlin that Mikhail Gorbachev gave a firsthand account of the results and course of his dialogue with President Reagan. This is a good feature, for it shows to what extent cooperation with individual socialist countries is intensifying. The leading representatives of the socialist countries, that is of the Warsaw Pact states, were thus briefed in a great detail by the general secretary about how the visit to the United States went on, about the course and results of talks with President Reagan, and one has to say that they voiced their full support to the outcome of the talks in Washington, and highly commended them. I would like to point at such ideas contained, for instance, in the press release, which was issued at the end of the Berlin meeting, in which it was stressed that it was the expression of the joint peace policy of the Warsaw Pact member states and the proposals put forward at their initiative, as well as of the practical course of action taken by the socialist countries, which are working for the easing of international tension. Thus the leading representatives of the fraternal countries stated here in Berlin that the fact that an agreement in principle was reached during the talks in Washington between the United States and Soviet Union on the 50 percent reduction in the number of strategic offensive weapons, was of key significance. Thus full support for the Soviet negotiating position was voiced.

[Lukes] A meeting was also held in Brussels immediately following the Washington summit.

[Horak] Yes, in Brussels where U.S. Secretary of State George Shultz briefed the U.S. allies. I would, however, like to stress that the Soviet-U.S. treaty concerns in reality nine countries and this is why the role of allies on both sides is understandable. I would like to give a reminder that Comrade Gorbachev, when giving a press conference in the Soviet Embassy's club, stressed on several occasions the importance of a coordinated foreign policy by the socialist countries, without which the conclusion of this treaty would not in essense have been possible.

[Keblusek] I would like to say in this context that Comrade Gorbachev, when he went to Washington, he went there in effect with a mandate he had from all socialist countries. I recall in this context the meeting of Warsaw Pact foreign ministers, which was held here in Prague, which adopted a corresponding document, and which gave total support to the position which Comrade Gorbachev afterward occupied in Washington. This means that we also took an active part in the preparation of that summit.

[Rovensky] We should not forget one thing, which would be a good thing if it was recalled here, and that is an agreement on inspections between the Soviet Union, Czechoslovakia, and the GDR signed in Berlin. This is a very important agreement which follows up on the documents that were signed in Washington and which tackles technical and organizational issues connected with inspections which will be carried out also on our territory.

[Lukes] Although a treaty was signed in Washington on medium- and short-range missiles, it still has to be ratified. This brings me to another question from Frantisek Kroc from Nyrany who asks: Who is going to ratify it and will it not meet the same fate as the SALT II Treaty?

[Horak] I would like to say that the treaty will be ratified on the Soviet part by the USSR Supreme Soviet, and on the U.S. part by the U.S. Senate. I would like to say in

illustration that a two-thirds majority is needed in the case of the U.S. Senate, which in specific terms means that 67 senators must approve the treaty. I would like to say that the situation in this respect is far from equivocal in the United States as it is in the Soviet Union. I would like to illustrate this by saying that, for instance, President Reagan, despite what has just happened in Washington, one of the most conservative Presidents in U.S. history, has now found himself under attack from the extreme right. In fact Reagan is having to defend himself against these attacks from the right. I recall very well the interview Reagan gave while I was already in Washington and where Reagan told the extreme right that it held a profound belief that a war was inevitable and that a war between the two superpowers therefore had to come. This is what President Reagan indeed said. The extreme right specifically does not like the idea of any treaties with the Soviet Union. This means—and this is not only what I believe but what a number of political observers in the whole world also believe—that the conservatives did not even manage to thoroughly study the provisions of the treaty while already rejecting it en bloc, without really knowing it.

[Lukes] Some kind of extreme right-wing league is even being formed in the United States now with the aim of frustrating the ratification of the treaty on the elimination of medium- and shorter-range missiles. Does it have any prospect; have these conservatives any chance of succeeding?

[Rovensky] Well, right-wing conservative currents have, of course, chances of succeeding. The question, however, is to what extent they will be able to make themselves felt and in what way they will be able to influence the process of the treaty's ratification. I personally believe, but I could be mistaken because the ratification process as I know in the United States can frequently be very complicated, that the two-third Senate majority will be won, although, of course, surprises cannot be excluded. However, according to how individual democratic senators have been reacting—and the same applies to some republicans—it would appear to me that the ratification could succeed on the whole without the problems encountered with the ratification of SALT II. But different kinds of maneuvers could emerge. It would be, for instance, very bad if the Senate were to pass various amendments, as very frequently happens in Congress. This would slow down the whole process. Or if there were to be attempts to connect this to various situations in the world, the situation around Afghanistan, etc.

[Horak] The more so because a two-thirds majority is not needed for such amendments, only a simple majority. And this is what some conservatives are depending on. I would like to recall in this context that the first debate on the treaty is to take place on 19 January with the actual vote expected to take place in the middle of April, although no precise date has yet been set.

[Lukes] Listener Trousilek from Usti nad Labem, and this is a question for you Comrade Keblusek, asks: What was the situation in effect with regard to the medium-range missiles on both sides in Europe prior to NATO adopting the so-called two-track decision?

[Keblusek] This question cannot be answered in simple terms because the mutual correlation of forces between both countries changes continually. It is also given by the character of the armed forces, both by their offensive and defensive character. And one has to say that the Soviet Union, by introducing to Europe—to areas of Europe—new kinds of missiles, which are codenamed in the West as SS-20 and which are now described as such also in the treaty, the Soviet Union was not adding to the existing means but was replacing the obsolete SS-4's and the so called SS-5's. And as a rule it was even replacing up to two old missiles with one new SS-20 missile, taking into account also the number of warheads on these missiles. This was a certain qualitative change but such qualitative changes were also happening on the other side. The program for modernization of the Persning-1 and their gradual withdrawal to the United States and their replacement afterward by the Pershing-2—this was not a program adopted in connection with the two-track solution but was to have been a normal modernization program. There is frequently misunderstanding here, including in propaganda, where these matters are explained in simplified manner. There existed a balance of forces before the two-track solution, while a certain unbalance was created afterward through the introduction to Europe of Pershing-2 missiles by the United States, which had from the viewpoint of our defense a strategic character. This means that they changed the strategic balance and this is why the Soviet Union had to react.

[Lukes] We have some more questions prepared here. Listener (Chrum) has asked whether you could specify what was at issue in bringing about the rapprochement of Soviet-U.S. stands in regard to the ABM Treaty? Who will answer this question, Comrade Keblusek?

[Keblusek] I believe that a very important outcome of the whole meeting—and this is also contained in the joint statement—is that section which talks about the task for the delegations, which will now have talks in Geneva, to draw up an agreement which would bind both sides to observe the ABM treaty in the form—as has been stressed in the statement—as it was signed in 1972. This concerns also the extent of research work connected with this development, tests permitted by the treaty to a limited extent. Talks about strategic stability will begin 3 years before the time agreed will expire, when it will not be possible to withdraw from this ABM treaty. And what is also important, and this is also said in the statement, that this treaty will have the same status as the SALT treaty. This means that the general valid principle—the tie-up between strategic arms and defense against such weapons—is once again recognized here. This is what we have been saying all the time from the very beginning. I

believe that this is one of the most important parts of the joint statement and the outcome of the talks. This means that the gap in both sides' positions has been narrowed in effect and that his was embodied in the joint document.

[Lukes] Listener (Chrum) has posed another question. Whether the Soviets now take a different view of the SDI, that is on the U.S. plan to militarize space, following the Washington summit?

[Rovensky] I would like to answer this question in this way. When one reads carefully what Mikhail Gorbachev said at the press conference and on other occasions I think that it is apparent, as far as SDI is concerned, that these are issues concerning space weapons where differences of opinion exist on the very substance of this issue. I do not see in this any tragedy. Mikhail Gorbachev said on several occasions that it was necessary, and here one has to agree, to prevent the militarization of space. This is a very common sense view because the militarization of space would create a new negative international situation. A new round of arms buildup would be generated which would go far into, in my judgement, the next century and which would be more expensive than armaments in the field of nuclear weapons and which would limit, among other things, the possibilities of a peaceful development of science and of the peaceful exploration of space. As one can judge from the U.S. statements, the United States wants to continue their SDI program. And I believe that here, too, it is not difficult to guess why. It is above all a very profitable matter for armaments companies, because these concerns are envisaging a situation in which the possibilities of making profits in the nuclear field were going to be substantially reduced and they are anticipating far greater opportunities of making profit from the SDI program than hitherto.

[Horak] I believe that such is the real situation, and one needs to look for solutions in such real situations. I believe that such solutions are possible. After all, a few years back we could hardly envisage that the issue concerning medium-range missiles would be resolved in this way, and it was resolved. After all, and here I would like to refer to what Comrade Keblusek already talked about, for he showed some aspects of this issue. I believe that diplomacy is diplomacy if it can show that it is the art of the possible. This it has shown now, and it is probable that it will also show this in the future.

[Keblusek] I would only like to add very briefly, as has been learned from the press, that the U.S. Congress has adopted certain conditions in regard to the military budget for the coming period, which obliges the U.S. Administration to observe strictly the ABM treaty. This means that both research and other activities connected with the SDI program will be maintained within the framework of the nonviolation of the ABM treaty. This shows that the public opinion in the United States has changed, that today it is inclined toward the need to regulate this process and agree it mutually with the Soviet Union. [passage omitted]

[Lukes] Esteemed listeners, do not be cross if I do not read your names in regard of all questions, for it is not quite possible. As a matter of interest, one question has even come from Hamburg in the FRG. We have been talking about the results of the talks in Washington, and it is not in the time allocated to us, during several dozens of minutes, possible to express all that was discussed in Washington for many hours, as well as during many weeks and months of preparatory talks in Geneva and other places. Despite this I believe that we have answered all the basic points. Now, allow me to ask the last three questions. The first question is for Comrade Keblusek. We have in effect indicated this in several answers and that is: What are the prospects for the disarmament process in the world?

[Keblusek] A large amount of very hard work is facing both the Soviet and U.S. delegations in Geneva because it is necessary during the first half of next year to prepare for signing a treaty on strategic weapons and also on the anti-missile defense, which in effect means amendments to both. Second, talks on a general and total ban on chemical weapons are already now in a very advanced stage, which means invigorating the Geneva forum, the Geneva disarmament conference, so that specific results in this area can be achieved. This is a very important area. Third, at issue is our European house. As it is known, an agreement in principle has been reached at the follow-up meeting in Vienna to open talks next year about the reduction of armed forces and arms in Europe on a territorial platform, from the Atlantic to the Urals. This means that sometime during the middle of or around that time, we shall be faced with the beginning of a new disarmament forum in this part of the world. Then there are our proposals for contacts between military-political alliances, between the Warsaw Pact and NATO, and this both in the questions of military doctrines and in general, contacts for clarifying possible existing disproportions.

[Lukes] And the reply to the last but one question will be answered by Dusan Rovensky. The question is: What can be expected from the development of Soviet-U.S. relations?

[Rovensky] I would like to be very brief because time is mercilessly running out. In my view prospects for the development of these relations between these two countries, between the principal countries of the socialist and capitalist world, are good. A number of obstacles were successfully eliminated during the Washington summit; but let us be realists, others still persist. I would only like to say that if what we expect comes about, that is if there is a further improvement in Soviet-American relations, that this will be a good thing not only for relations between the two countries but also for the entire international climate, because a whole number of serious issues need to be tackled—the disarmament issues of which Emil Keblusek was talking. I believe that prospects for the development of relations in the economic sphere, cultural relations, contacts between the public,

and the like are good. I think that initiatives about contacts between the Supreme Soviet and the U.S. Congress and a whole number of others are also interesting.

[Lukes] We have the last question here to be answered by Bohumil Horak. The question is how the talks in Washington, which we have been following with such attention, will influence and or can influence the global political climate?

[Horak] I would like to recall that the Washington talks concentrated on several kinds of issues: There was the disarmament problem, about which we have been talking here; but regional conflicts and humanitarian issues were also on the agenda there, so that the range of the problems under discussion was in essense far broader. I believe that one main bonus of the Washington talks was the psychological breakthrough. I would even say that under the influence of the new political thinking, which the 27th CPSU Congress introduced, the U.S. Administration was compelled to respect this reality to a certain degree. I would even go as far as to say, and this is my personal view, that the U.S. Administration was even forced to manifest to a certain degree new political thinking in these disarmament issues. It is clear that although it was forced to do so, and this I would like to stress, I would say that this was confirmation of the fact that security in the present day world can be resolved exclusively by political means and not by military means; and this applies in essense also to regional areas, the area of regional conflicts. In regard to the humanitarian issue, Comrade Gorbachev said clearly that we do not avoid a discussion on this issue in any way but that it is not possible to reduce humanitarian issues to the problem of emigration from the Soviet Union. This is a far broader problem. I would say that it is not by chance that the Soviet Union has proposed on several occasions the holding of an international conference in Moscow while the United States has not as yet replied to this offer.

[Lukes] Well, this is the end of today's discussionon the Soviet-U.S. talks in Washington. Thank you, very much. [passage omitted]

Jambor Interviewed on Summit

LD121250 Prague Television Service in Czech 1830 GMT 11 Dec 87

[Interview with Jiri Jambor, "specialist in U.S.-Soviet relations," by unidentified correspondent; time and place not given]

[Text] What was the contribution of the visit by Comrade Gorbachev to the United States apart from the signing of the treaty on the elimination of short and medium-range missiles? We posed this question to Jiri Jambor, who specializes in USSR-U.S. relations and who followed the visit carefully.

[Jambor] I would like to say that the whole affair caused, logically and naturally, a certain euphoria, as we could see on the television screens throughout the week. Certainly, it contained a number of elements connected with decor and protocol, that is with things that are of marginal importance. After euphoria, as is well known, things return to normal. The question is: Has what is normal been changed? I think that it has. Apart from the fact that a treaty has been signed, an agreement has been achieved about further lines of talks on the key, the central issue: 50 percent cut in strategic weapons.

This is an enormously important point. It is envisaged that President Reagan will arrive in the USSR next year where that treaty could be signed. Comrade Gorbachev said that by signing the treaty on medium-range missiles a new stage has begun in the development of Soviet-U.S. relations. If the treaty on a 50 percent cut in strategic weapons is signed we can speak about a turning point in Soviet-U.S. relations. A very important agreement was achieved, of far reaching political importance, that regional conflicts should be resolved on the basis of political means and not by arms. This is very important, for example, in the case of Nicaragua. I therefore think that the normal situation has been changed a bit. A good, effective, and correct path has been embarked upon but without doubt this will be very complicated.

[Correspondent] Can we say in this connection that a firm base has been created which will make it possible to develop mutual relations further so that the situation will not go back to where it was in the past?

[Jambor] Every comparison is a lame one to some extent. Never in the past has a treaty been signed that physically eliminates a certain part of the arsenal. Never in the past has a treaty been signed that secures in a legal way the verification of the implementation of this treaty. Therefore, the past is not necessarily a good guideline. As for whether a base has been created, I think that a certain type of base has been created by the treaty and by the agreements, by the agreed lines with regard to the talks about other issues as they followed from the results of the talks between Comrade Gorbachev and President Reagan.

[Question] You have worked in the United States for years. You know the mentality of the American people. Do you think that Comrade Gorbachev was able to change some of the ideas of the American people about the world of socialism?

[Jambor] I think that this is one of the political—not international, but political—results of the visit. It would not be right to overrate it. Vogues in the United States come and go; 3 or 4 days pass and then other problems, other affairs come to the forefront. However, I think that what will have a long-term effect is the fact the stereotype image that so many Americans have of the USSR has been shaken. I think that this is very important and

it will play an important role in the position and the discussion of this issue in Congress. I would not like to overrate it but it definitelly will have some influence.

U.S. Conservatives Oppose Treaty

LD111429 Prague CTK in English
0744 GMT 11 Dec 87

[Text] Prague Dec 11 (CTK)—America's conservative right wing is frightened by the prospect of peaceful coexistence between the Soviet Union and the United States, the Czechoslovak Communist Party daily RUDE PRAVO said today.

"To coexist in peace: These...words carry in fact the whole message of the Soviet-U.S. summit not only to the American and Soviet peoples, but to the whole world. It is these words, this message, that are driving U.S. conservatives to despair," the newspaper said.

The paper, in a comment on the response to the Intermediate Nuclear Forces (INF) Treaty signed during the summit talks this week from U.S. right-wing circles, said the conservatives were alarmed by what they saw as an apparent shift in president Ronald Reagan's approach to U.S.-Soviet relations.

"The Reagan of today has understood that the conservative 'Armageddon', the drramed-of final battle between the 'good forces' led by the U.S and the Soviet-led 'evil force' can neither be waged or won," the paper said.

For the extreme right wing, Reagan's signature inscribed on the Soviet-U.S. INF pact is a visible proof of the change the president has undergone since the early sixties, when he really may have believed in the inevitability of conflict between the two rival systems, it added.

CPCZ's Havlin Receives CPSU Official

LD152307 Prague Domestic Service in Czech
1900 GMT 15 Dec 87

[Text] Josef Havlin, secretary of the CPCZ Central Committee, today received Yuriy Krasin, rector of the Academy of Social Sciences attached to the CPSU Central Committee. He informed him about present questions on the development of our society, in particular in social sciences. He also spoke about perfecting the preparation of party cadres at the CPCZ Central Committee political high school, and possibilities of deepening and widening cooperation between the two institutions.

Brom Discusses CSSR-PRC Cooperation Talks

LD151406 Prague CTK in English
1311 GMT 15 Dec 87

[Text] Prague Dec 15 (CTK)— "Czechoslovakia and China will develop contacts in science and technology in the coming period in tune with the program of scientific and technological cooperation between the two countries for the 1986-1990 period", Frantisek Brom, deputy chairman of the Commission for Scientific and Technological Development and Investment, has told CTK.

Frantisek Brom headed the Czechoslovak delegation at the recent 29th session of the joint commission for scientific and technological cooperation between Czechoslovakia and China in Beijing.

He stressed that those forms of cooperation, prepared or being prepared by the two countries on the basis of direct relations between ministries or institutes, will play an irreplaceable role in this program. "We have already made direct contacts in power engineering, geodesy and cartography, we are discussing cooperation in geology, health service, ecology, nuclear technology and construction. There are also prospects for Czechoslovak participation in the 'Spark' program, which was declared by the Chinese Government to industrialize rural areas", Frantisek Brom said.

He said the two countries have made many concrete decisions at the joint commission's 29th session in Beijing. These decisions are a precondition for the deepening of mutually advantageous contacts and in many cases also for the creation of conditions for economic and trade cooperation. Czechoslovakia and China are also discussing the possibilities of further development of contacts especially in engineering, metallurgy, electrical engineering, light industry and agriculture", Frantisek Brom stated. [quotation marks as received]

Kapec-led Delegation Departs for Prague

LD121320 Prague Domestic Service in Czech
1500 GMT 11 Dec 87

[Text] A delegation of the CPCZ City Committee in Prague left today for Warsaw for a meeting of chief secretaries of the communist party of the capitals of the Warsaw Pact states. The delegation is led by Antonin Kapek, member of the CPCZ Central Committee Presidium and the chief secretary of the Prague City Party Committee.

Husak Congratulates Hungary's Nemeth

LD132102 Prague Domestic Service in Czech
1730 GMT 13 Dec 87

[Text] Gustav Husak, general secretary of the CPCZ Central Committee and president of the Republic, has sent a message of congratulations to Karoly Nemeth, president of the Presidential Council of the People's Republic of Hungary, on his 65th birthday. He highly praised his many years of selfless work in responsible party and state positions and his personal contributions to the comprehensive development and further deepening of Czechoslovak-Hungarian friendship, alliance, and mutual cooperation in the interest of socialism, progress, and peace in the world.

Federal Assembly Approves 1988 Budget

LD151608 Prague CTK in English
1525 GMT 15 Dec 87

[Text] Prague Dec 15 (CTK)—The Czechoslovak Federal Assembly unanimously approved today the Czechoslovak budget for 1988, the third year of the 1986-1990 plan of the economic and social development of the country.

At a session attended by Czechoslovak Communist Party General Secretary and President Gustav Husak, the draft budget was submitted by Czechoslovak Finance Minister Jaromir Zak. He stressed that the budget provides again for balanced revenues and expenditures - they will rise by 12,500 million crowns each as compared with 1987. The total budget amounts to 393,900 million crowns.

Deputies noted in a debate that while in 1986 and 1987 planned targets were fulfilled in quantity indicators, the demands for quality were not fully met and shortcomings continued to exist in scientific and technological development, in capital construction, material-intensive production and unfavourable growth of reserves.

The volume of the national budget will be 3.3 per cent higher than this year and this ensures a smooth development of the national economy and growth of the living standard. More than a half of the outlays on social services and works for the population are accounted for by social welfare expenditures planned to reach almost 94,000 million crowns next year, two per cent more than in 1987.

The 1988 plan provides for a 3.5 per cent increase in the national income. Industrial production is to rise by 3 per cent, gross agricultural production by 1.1 per cent, exports by 5 per cent and imports by 2 per cent.

Finance Minister Zak Speaks on New State Plan

LD152307 Prague Domestic Service in Czech
1730 GMT 15 Dec 87

["Excerpts" of speech by Czechoslovak Federal Finance Minister Jaromir Zak at a joint session of the Chamber of People and the Chamber of Nations on 15 December—recorded]

[Text] Efficiency, dynamic ingenuity, and the effective utilization of economic resources are the basic prerequisites for securing the comprehensive advancement of our socialist society. The accomplishment of the tasks that were set for economic organizations in 1988 will be especially demanding. It will require maximum effort by all parts of the economic management: the center, enterprises, and individual workers collectives.

In spite of the measures adopted by the government to achieve a more active accomplishment of the tasks set by the state plan and the state budget, in many areas inconsistent, irresponsible, formal, and often red tape attitudes are still persisting. This is shown by the accomplishment of the tasks achieved so far, in particular regarding reducing costs and developing stockpiles. The deficit in the reduction of material expenses for the last 10 months exceeds 4 billion koronas.

Among the Federal Government departments, the organizations under the General Engineering Ministry and those which are controlled by the ministries of industries of individual republics contributed the most to this deficit.

There are equally weighty deviations from the plan in the development of stockpiles. We expect that by the end of the year the overstepping of the planned state of stocks in the industry and building industry will equal approximately 15 billion kroner.

The organizations that contributed most to the unfavorable development of accumulating stocks this year are: organizations under the Ministries of General Engineering, Metallurgy and Heavy Engineering, Electrotechnical Industry, and Industry [as heard]. This situation worsens the problems in supplier-consumer relations and is one of the basic causes of substantial growth in enterprises insolvency.

The working out of the draft state budget for 1988 was more difficult than in the previous years due to the reduced dynamism of economic development against the original plans for this 5-year plan. When compared with the budget forecasts for 1988, the overall volume of budget incomes and expenses incorporated into the draft budget for 1988 is lower by almost 10 billion koronas. The difference reflects the unsatisfactory fulfillment of the planned creation of financial resources, in particular of profit and the turnover tax. This situation must be tackled not only by pressure on the mobilization of reserves and minimalization of deficits in the creation of financial resources but also by a necessary reduction of the originally expected budget expenses. The volume of investment was cut by over 7 billion koronas. The aim of this measure was not purely to restrict budget expenses but also to increase the pressure toward the more economical use of them, and in particular to promote the active influence of finances over the material proportion of the state plan in the direction of reinforcing the balance of economic development, which would also help to secure balancing the state budget.

Despite these measures, the budget management next year will be carried out in conditions of considerable tension between incomes and expenses. We see the main risk factors in the financial and budget management in the possible failure to fulfill the tasks of reducing costs, in particular material costs which would endanger profits. The state of securing the fulfillment of the tasks of the 1988 state plan within the plans of economic organizations, which is so far highly unsatisfactory, shows how great this risk is.

The Federal Government is now assessing this situation and it will discuss the draft of relevant measures at the beginning of next year. It can, however, be realistically expected that in some areas it will be necessary to amend the state plan.

When dealing with these problems we will choose a course aimed at not disturbing the balancing of the state budget as a result of amending the plan.

It follows from the overall character, the preparation and securing of the state plan and budget for next year, that the accomplishment of the set tasks will be exceptionally demanding. This requires directing the effort of central bodies of all production-economic units and enterprises, in particular at overcoming shortcomings in their own work, in fully utilizing all accessible reserves, and at reinforcing order and discipline. At the same time, we must stagger the effort toward the creative elaboration, specification, and thorough securing of the work on the restructuring of the economic mechanism, the realization of which is the starting point for implementing the strategy of accelerating the socioeconomic development of our socialist society.

National Front Presidium Discusses Restructuring

AU151522 Prague RUDE PRAVO in Czech
12 Dec 87 p 8

[CTK: "Report on Session of the Presidium of the Central Committee of the CSSR National Front"]

[Text] Prague (CTK)—At its session on Friday [11 December], the Presidium of the Central Committee of the CSSR National Front discussed topics aimed at enhancing the role of the National Front and of the organizations associated in it in realizing society's restructuring.

In his opening speech, Jindrich Polednik, secretary of the CPCZ Central Committee and member of the Presidium of the Central Committee of the CSSR National Front, stressed that the main objective of restructuring and the fundamental prerequisite for acceleration is the people's increasingly broad participation in management and administration, the implementation of man's extensive political and civic rights, the further deepening of socialist democracy, and the development of self-management.

An open and lively dialogue with people on the most important issues of society's life should be organized on the platform of the National Front. One should make use of the deliberations of the National Front's agencies to unify approaches and combine the forces and resources of organizations in resolving important national tasks.

At the same time the deliberations affirmed that the initiative and independence of the lower components of the National Front's organizations are hampered by too much and often useless centralization and instructions within the apparatus, by bureaucratic attitudes and overorganization.

In discussion, members of the Presidium also spoke about the first experience acquired in the course of improving the activity of organizations, enhancing the roles of elected bodies and of the voluntary aktiv of functionaries, and about more effective assistance to primary components. Today this is already meeting with a favorable reaction from the membership base itself as well as from the broader public. They noted that, where annual members' meetings, conferences, and congresses were held or are being prepared, one has succeeded in increasing the members' participation in drawing up the program of the organizations' activity, in applying elements of more democracy in deliberations and the selection of cadres. These, however, are the first steps, the beginning of more profound changes in the activity of the entire National Front.

In the closing part of the session, the Presidium of the Central Committee of the CSSR National Front approved topics aimed at enhancing the role of the National Front and of the organizations associated in it in implementing restructuring, as well as the sequence of introducing these topics into life.

Control Commission Scores Industry Ministry

AU111522 Prague RUDE PRAVO in Czech
9 Dec 87 p 3

["Z"-signed report: "Session of the CPCZ's Central Control and Auditing Commission"]

[Excerpts] Prague (z)—At its ninth session, held in Prague on Tuesday [8 December], the CPCZ's Central Control and Auditing Commission, with its chairman Jaroslav Hajn in the chair, discussed the results on the follow-up check of how communist ranking personnel and the party organization at the Ministry of Industry of the Czech SR have been fulfilling the tasks of the 17th CPCZ Congress and the measures adopted to enhance efficiency and the quality of products for the domestic and foreign markets. [passage omitted]

Despite the great selflessness of the more than half-a-million employees, and despite the fact that a number of plants, enterprises, and economic production units have been fulfilling or exceeding the tasks of the state plan, a complex situation has arisen in the departments [resorty] of the Ministry of Industry of the Czech SR regarding the realization of the conclusions of the 17th CPCZ Congress. It is significant that the results of the first and second years of the Eighth 5-Year Plan—especially as

regards quality indicators—remained below the level of the state plan. Development continues to be characterized by inadequate growth in performance over the long term.

The nonfulfillment of tasks by the departments of the Ministry of Industry of the Czech SR has been unfavorably affecting the entire national economy. It is the consequence of the long-lasting technical and technological lag of the production base, a great decrement in manpower, especially in the enterprises of the light industry, and of the slow realization of the necessary structural changes. [passage omitted]

Other departments, too, bear a certain share of responsibility for this state of affairs. This applies, in particular, to engineering, which—in terms of the extent and quality of production—has not been satisfying the demand for machinery and equipment with a high technical standard. The scant utilization of electronics, automation, and robotics is particularly noticeable.

The CPCZ's Central Control and Auditing Commission stressed that the management components of the Ministry of Industry of the Czech SR are still not working up to the standard of the 17th CPCZ Congress' requirements. Their activity is marked by inconsistency. Persons responsible for failure to fulfill the entrusted tasks are not always called to account. The necessary changes in the style and methods of the management and organizational work of the ministries and organizations subordinated to them are being carried out only slowly. [passage omitted]

In the remaining years of the Eighth 5-Year Plan it will be necessary to draw conclusions from all shortcomings and eliminate them. [passage omitted]

The effectiveness of the political-organizational, ideo-educational, and control work of the ministry's party organization will have to be substantially improved. [passage omitted]

Federal Assembly Passes Law on Miners

LD151802 Prague CTK in English
1604 GMT 15 Dec 87

[Text] Prague Dec 15 (CTK)—The Czechoslovak Federal Assembly today passed a law on allowances to miners who have to take on another job for health reasons.

In an expose on the bill, Czechoslovak Minister of Labour and Social Affairs Miloslav Boda stressed that so far a number of miners who were threatened with some occupational disease as a result of work or age, continued working in an effort to keep a high wage. The new law is expected to eliminate this practice and strengthen the social prestige of miners' work.

Under the law a special allowance will be added to the monthly wage of miners who have to take on another job on health grounds. The allowance will compensate for the decline in their wages by an average of 60 per cent in case they take another job underground and by 40 per cent if they take on a surface job or abandon miner's work altogether.

The minister said the new law lays emphasis on creating conditions for the miners to increase their qualifications or for the training of miners who take on other jobs.

Implementation of the law will require 76 million crowns from the state budget in 1988 alone. This amount will grow continuously and up to 139 million crowns will be provided for the miners in 1990 under the law.

Deal on Exchange of Spies, Prisoners Reported
DW161100 Bonn DIE WELT in German 16 Dec 87 p 1

[Article by "MS": "SED Promises Political Prisoners May Leave for West"]

[Text] Bonn—According to information obtained by DIE WELT, the "GDR" in a confidential agreement with Bonn has promised that it will permit the political prisoners who have recently been given amnesty and their families to go to the Federal Republic if they wish. In addition, it has assured the Federal Government that it will handle the reunion of families more generously. Both sides also agreed that more than 10 people who worked for the Federal Intelligence Service and the Federal Office for the Protection of the Constitution and were sentenced to life or many years imprisonment in the "GDR," could go to the Federal Republic. In exchange, 3 persons sentenced for espionage in the West will be deported to the "GDR."

The details of the deal were negotiated by State Secretary Rehlinger of the Ministry for Intra-German Affairs and the East Berlin attorney Vogel. These are the details of the agreement:

1. The political prisoners in the "GDR" who were released in the scope of the general amnesty that was concluded on 12 December have the option to go to the West. While they have, for the time being, been released into the "GDR," they have an opportunity to apply for an exit permit for themselves and their families. That application will be granted. The first few families to come under the agreement have arrived in the Federal Republic by train. By its own account, the "GDR" has amnestied a total of 24,621 persons. The political prisoners usually are persons who were sentenced for attempting to escape from the "GDR" or for having illegally established contacts with the West. By agreeing to allow them to leave for the West, East Berlin obviously has learned from its experiences in the wake of amnesty in 1979. At the time, 3 months following amnesty, about 10 percent of the released people were in prison again for having attempted to escape from the Republic. The "GDR" intends to prevent that now.

2. The "GDR" also agreed to handle more generously the reunion of families, which has been stagnating recently. That pledge already is clearly reflected in current figures. In November 1987, a total number of 841 resettlers came from the "GDR." By 14 December, the number of resettlers in the scope of family reunion was 1,403.

3. In addition, the exchange of persons was agreed upon who do not fall under the amnesty. They are people working for the Federal Intelligence Service (BND) and the Federal Office for the Protection of the Constitution (BFV) who were sentenced to life or many years' imprisonment in the "GDR." Most of them live in the "GDR." Reportedly some of them have already arrived in the FRG by train. Three persons will be exchanged at Herleshausen checkpoint for 3 persons sentenced for espionage in the FRG. "Great names" such as that of Mrs Hoeke, who was a spy at the Federal Presidential Office, are not among them. The FRG authorities have released 3 persons in exchange: Fritz Brose (sentenced to 3 years and 9 months), Gerhard Kuphal (2 years and 3 months), and Klaus Doeblitz (1 year and 3 months).

Honecker Report on Pact Meeting Approved
LD151539 East Berlin ADN International Service in German 1326 GMT 15 Dec 87

["Joint Reaction by the SED Central Committee Politburo and the GDR Council of State and Council of Ministers to the Results of the Meeting of the Leading Representatives of the Participant States in the Warsaw Pact in Berlin on 11 December 1987"—ADN headline]

[Text] Berlin 15 Dec (ADN)—The SED Central Committee Politburo and the GDR Councils of State and Ministers have received and approved the report by Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR Council of State, on the Berlin meeting of the general secretaries and first secretaries of the Central Committees of the fraternal parties of the participant states in the Warsaw Pact on 11 December 1987.

They paid tribute to the meeting as a renewed expression of the successful cooperation of the socialist states for peace and disarmament, their fraternal friendship and comradely collaboration.

The Politburo, Council of State, and Council of Ministers received with gratitude and approval the information from Mikhail Gorbachev, general secretary of the CPSU Central Committee, on his visit to the United States.

The results of Washington are a gain for peace and the security of the peoples. They point to the future and mark out a path that leads away from the arms race and toward disarmament, detente, and an improvement in the international situation.

The agreements of the Soviet-U.S. summit are welcomed unanimously in the GDR. They correspond to the vital interests of the people and strengthen confidence in a peaceful and secure tomorrow.

The Politburo, Council of State, and Council of Ministers reassert the high value placed on the agreement on the removal of the Soviet and U.S. medium-range missiles, and the GDR's support for the agreement, as expressed by the general secretary of the Central Committee and chairman of the GDR Council of State in his statement of 8 December 1987.

The tripartite agreement signed in Berlin among the USSR, the GDR, and the CSSR is a practical step toward fulfilling the agreement. The GDR will do everything required to guarantee the implementation of the measures agreed upon.

The agreement [ubereinkunft] between the USSR and the United states to reduce by half the two sides' strategic offensive weapons while adhering strictly to the ABM Treaty is of far-reaching significance for the whole disarmament process, and thus for the securing of peace.

The Politburo, Council of State, and Council of Ministers expect that during the return visit by the U.S. President to the USSR, planned for 1988, a relevant accord will be signed.

The summit meeting in Washington and its results have improved the conditions for further disarmament steps. The removal and banning of chemical weapons and the halting of nuclear tests now are on the agenda. The opportunities this creates, particularly for Europe, must not be allowed to be gambled away through the stocking up and modernization of other types of weapons.

The effort now must be made to reduce the tactical weapons still remaining in Europe and finally to remove them, as well as to reduce drastically armed forces and conventional weapons from the Atlantic to the Urals, with the strictest verification.

In full agreement, the Warsaw Pact member-states at their Berlin meeting once again reaffirmed their readiness for constructive negotiations on all these questions.

The Politburo, Council of State, and Council of Ministers give their assurance that the GDR will continue consistently its policy of dialogue and its search for mutually acceptable solutions in order to achieve greater security, trust, and cooperation with ever fewer weapons, in the interest of mankind.

The visible successes in the struggle for disarmament and peace are a confirmation and an encouragement for all GDR citizens.

The Politburo, Council of State, and Council of Ministers are certain that all working people will continue to do their best for strengthening the socialist fatherland, for peace and socialism.

Honecker Hosts Diplomatic Corps at Magdeburg

LD152136 East Berlin ADN International Service in German 1921 GMT 15 Dec 87

[Excerpts] Magdeburg, 15 Dec ADN—The GDR's policy is characterized by the conviction that despite the complexity of international developments there is no problem that cannot be solved through negotiations, while taking into account the legitimate interests of the involved parties. This was stated by Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, in Magdeburg today. World public opinion assessed the results of the Soviet-U.S. summit meeting in Washington recently as a good sign in this connection, he said to diplomats accredited to the GDR and other guests during a dinner.

Honecker had invited the diplomatic corps for the traditional hunt in Magdeburg Area to see out the old year. Members of the party and state leadership, including Premier Willi Stoph and People's Chamber President Horst Sindermann took part in the hare-hunt together with chiefs of diplomatic missions and heads of representations belonging to national liberation movements. [passage omitted]

On behalf of his colleagues, the doyen of the diplomatic corps, Peruvian Ambassador Ricardo Walter Stubbs Vega, thanked Erich Honecker for the invitation, which had made it possible for them to get acquainted. [passage omitted]

On arriving at Magdeburg train station on Monday evening, Erich Honecker, the doyen of the diplomatic corps, and all hunt participants were warmly welcomed by many thousands of inhabitants of Magdeburg. [passage omitted]

Further on Honecker Comments

LD152340 East Berlin ADN International Service in German 1937 GMT 15 Dec 87

[Speech by Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, on 15 December in Magdeburg at the traditional hunt marking the end the year]

[Text] Magdeburg, 15 Dec ADN—The text of Erich Honecker's address is as follows:

After some hours of relaxation and for many of you also of hunting success in your encounter with the hare, I warmly welcome you to the festive close of our stay in Magdeburg. It is gratifying that those who spared the hare and instead went to see the city and the ceramics works also had a good time. I should like to thank our hosts and all those who helped to make our visit to the Magdeburg area a success, and I'm sure you will join in the thanks.

The city, which received us so hospitably again, has learned often in its 1,000 years of eventful history how close the connection is between people's happiness, economic prosperity and social progress, and the preservation of peace. Today is a good thing, and should remain so for the rest of time.

The citizens of Magdeburg and the whole of the GDR are working to this end. And to this end the GDR, along with the forces for reason and realism, pursues its policy of peace, of disarmament, and of mutual understanding in

peaceful cooperation. Our policy is guided by the conviction that, complicated though world events may be, there is no problem that cannot be solved through negotiations, with regard to the legitimate interests of the parties involved.

The results of the Soviet-U.S. summit in Washington, which I am sure you, too, noted with satisfaction, are seen by the world as a good sign of this. As you know, the GDR has welcomed the Soviet-U.S. agreements and has high regard for them. We are pleased that we are among those who have played an active role in preparing the ground for the treaty on the removal of medium- and shorter-range missiles. To the best of our ability we will now help to implement it, as shown by the agreement between the USSR, the CSSR, and the GDR signed at the meeting of leading representatives of the Warsaw Pact in Berlin.

Now that the first step has been taken, we think it all the more necessary and possible to reach further far-ranging disarmament measures in strategic nuclear arms, tactical nuclear arms, and in chemical and conventional weapons and forces. The results of the Washington summit strengthen us in our efforts to create zones in Europe that are free from chemical and nuclear weapons. In doing this, we do not conceal that the liberation of mankind from all kinds of nuclear and chemical weapons is the aim of our action.

The GDR is in favor of directing all efforts at drawing the greatest benefit for peace from the new situation undoubtedly created by the start of nuclear disarmament. This is in accordance with the vital interests—in the truest meaning of the word—of the peoples of Europe and of the whole world.

What was achieved in Washington gives people the optimism and strength to act to bring this about. In this process, the GDR will continue to be a committed, honest partner. We wish to continue the constructive dialogue and the search for joint solutions on these issues.

All in all I see at the moment improved preconditions for the deepening of cooperation between our states and peoples in all spheres on a mutually advantageous basis. The GDR is prepared for this.

Your contribution to this, ladies and gentlemen, who have a major responsibility in these matters, is always welcome. In this spirit I wish you the very best, success in your mission in the coming year, and a continued pleasant stay in our country. May it give you enough time to glean authentic information and personal impressions of life in the GDR, of its people and of its committed work for peace and socialism.

I ask you to raise your glass and drink to the strengthening of peace, the constructive development of relations between our states, and to the health of all present.

Tisch Talks with Polish Trade Union Leader

AU151501 East Berlin NEUES DEUTSCHLAND in German 10 Dec 87 p 6

[Excerpt] East Berlin (ADN)—Harry Tisch, chairman of the FDGB National Executive Council and member of the SED Central Committee Politburo, and Alfred Miodowicz, chairman of the All-Polish Trade Union Center (OPZZ) and member of the PZPR Central Committee Politburo, had an exchange of views in Berlin on Wednesday [9 December]. They paid tribute to the progress in cooperation which has been made between the trade unions of both countries following the laying down of stipulations by Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, and Wojciech Jaruzelski, first secretary of the PZPR Central Committee and chairman of the PPR State Council. Both trade union leaders expressed profound satisfaction with the signing of the treaty by the USSR and United States on the elimination of medium-range nuclear missiles. The trade unions' peace initiatives have also contributed to this step, they stated.

The FDGB and OPZZ chairmen briefed each other on topical tasks of the trade unions in implementing the resolutions of the 11th SED Congress and the 10th PZPR Congress, as well as on their organizations' activities following their trade union congresses. A constructive exchange of views was held on this topic. [passage omitted]

Supreme Court Discusses Criminal Procedure

LD161322 East Berlin ADN International Service in German 1120 GMT 16 Dec 87

[Text] Berlin, 16 Dec (ADN)—A plenum of the GDR Supreme Court today discussed questions concerning the strengthening of socialist justice in criminal proceedings.

The report on this subject stressed that in socialist criminal proceedings the rights and the dignity of the citizens are strictly preserved in the spirit of justice, equality, and humanity.

Dr Guenter Sarge, president of the GDR Supreme Court, praised the contribution made by the courts to strengthen the trust of citizens in the protection of the law and promoted their readiness to support the state organs in the guarantee of order and security.

The courts are pledged to increase the quality of criminal proceedings and their social effectivity.

Parliament Opens Winter Session 16 Dec
LD161039 Budapest MTI in English
0952 GMT 16 Dec 87

[Text] Budapest, December 16 (MTI)—The winter session of parliament opened in Budapest on Wednesday. The deputies, availing themselves of the opportunity offered by the standing orders, discuss first in a closed session the bill on the enumeration of the ministries of the Hungarian People's Republic and make decisions on personnel affaris. The reason for the organizational changes belonging to the process of streamlining government are put forward by Karoly Grosz, chairman of the Council of Ministers.

Miklos Nemeth Interviewed on Economy
LD101105 Budapest Television Service in Hungarian
2015 GMT 9 Dec 87

[Interview with Miklos Nemeth, MSZMP Central Committee secretary, by correspondent Laszlo Medveczky, from the "News Background" program, in the studio in Budapest; date not given; live or recorded]

[Text] [Medveczky] Good evening, dear viewers. This year the economy has moved away from last year's nadir. Can the acceleration of foreign currency debt be slowed down? Prices next year will rise by some 15 percent. Can this accelerated inflation be balanced out by social policy? The ministries are to be reorganized. Is it possible to be even more thrifty with public expenditure? These are facts and questions for today's "News Background."

Our news appeared in today's dailies: The party Central Committee yesterday discussed the present national economic situation and adopted a stance on next year's annual plan. The presenter of the agenda was Miklos Nemeth, Central Committee secretary, whom I cordially welcome in the studio, and whom I thank for having accepted our invitation. The attentive newspaper reader has no doubt noticed something that also struck me, namely that on this occasion the Central Committee adopted a stance. At such times, at the end of a year, the Central Committee always discusses guidelines, the guidelines of the following year's plan; but now they have formulated a stance. Is this a difference in terminology, or does it reveal some substantive change?

[Nemeth] You are right; this represents the start of a substantive change. To be precise, it is connected with the fact that in the future we would like to clarify the work distribution between the party and administrative organs, to make the demarkation of tasks more unequivocal. This means that policy, the political bodies, including the Central Committee, must deal first and foremost with strategy, with strategic issues, with determining direction. And at all events the administration must deal with the concrete realization of these directions, for instance with the national economic plan or budget for any given year; this is a task for the administration. Therefore, in connection with this now, since toward the end of November our planning can, on the whole, be considered concluded or 95-98 percent finished—if one may express this in percentages—we consider it correct to brief the Central Committee on the results of the work. And the Central Committee will formulate in the form of demands the principles and rules that influence our approach to next year's economic direction. And this affects the implementation of these results. As of next year we want to advance further along this line, which means the Central Committee should, if possible, determine the political direction of planning by midsummer or early autumn, on the basis of an analysis of the country's economic situation. Planning should continue after that and, before closing the plan, the Central Committee should present a briefing on how the plan, which will be concluded or nearly concluded by that time, meets the main requirements and directions that the Central Committee laid down.

[Medveczky] Well, this stance is built on facts and these facts also indicate the results that can be expected this year. I think it is no exaggeration to say that in recent years our economy plunged to its nadir, last year perhaps; the worst results were produced last year. Now it transpires from the communique that this year some kind of economic shift can be seen. The question justifiably arises whether this shift is the result of some actual, substantive shift, that is to say performance has increased, or whether the plan was so modest that it was easy to fulfill. If I may ask my colleagues to display the data relating to this then it will emerge, will it not, that national income, the chief indicator, if we take last year's performance to be 100 percent, instead of the planned 101.5 percent, may even be overfulfilled; it may even be 102 percent. Therefore, a 0.5 percent overfulfillment can be expected. If this chief indicator is so good, than one wonders where the trouble lies. At which points have there been shifts and at which points are there problems?

[Nemeth] The picture is somewhat more nuanced and differentiated than the one you formulate in your question. But it is an undisputable fact that after 1985-86, with regard to the most important internal and external balance relations, the deteriorating trends in the economy have lessened and slowed down. Thus, this is seen first and foremost, for instance, in the fact that the country's convertible currency debt is increasing by an amount that is some half billion dollars less than last year. Even so this will be 100-200 million more than planned; thus we can expect an overall $900 million growth. The budget deficit will also be considerably less than planned; it will be and is expected to be, around 30-35 billion.

Therefore, if we look at financial balance relations, then the previous years' deteriorating trend has lessened. If the economy, the real... [Nemeth changes thought] this is not the result of merely simple machinations—if I may put it like that—of financial technique: this is first and foremost a consequence of real economic processes. But

let me add that the improvement, for example, the fact that the national economy's growth will attain the planned level, will be some 200 percent above last year's. This year's industrial output, thanks above all to the increase in capitalist exports, will rise by around 3 percent and the foreign currency earning capacity from tourism is more considerable than ever, it will close with a surplus of about $350 million. These should without a doubt be seen as positive points, which we must strengthen and on which we must build in the future.

[Medveczky] All right, let's look at the negative aspects.

[Nemeth] At the same time there are no and have not been any substantive changes in the area of restructuring, which is the most important requirement and task. This process is especially slow in the processing industry branches. This does not mean that a significant portion of enterprises have not already made successful efforts to adapt to market requirements, to better satisfy external market requirements. But this is still not enough from the point of view of stabilization, and especially of resurgence. From a future perspective it is especially significant that in the internal market—not financial but market relations—imbalances have grown this year. As an example I could bring up the disruptions in materials supply, which is to some extent also connected with the restricted import possibilities. Contractual relations and enterprise discipline have not improved, and background industrial activities are also unsatisfactory this year.

So the picture here is differentiated even when the positive and negative things are put together. All in all, one can say that we must respect the results and build on them, but they are not yet sufficient to achieve the necessary turning point.

[Medveczky] We have also shown in the table the population's consumption. It has increased by 2.5 percent this year. We regard this as bad, don't we? What is the reason for this?

[Nemeth] Well, what we regard as bad and what we do not requires, I think, a slightly deeper and longer analysis. The approximately 2.5 percent increase in consumption has been transformed — especially after the publication of the price modifications in connection with the tax reform in the second half of the year — into a kind of natural reaction. In other words, the population has tried to invest its money and savings primarily in goods that keep their value and in durable consumer goods. I regard this as a temporary phenomenon. A steep climb in consumption is witnessed everywhere in the world when such a tax system is introduced. And this process can be expected to calm down at the end of this year and the beginning of next year. Overconsumption, when the population has consumed more than it has produced, cannot be said to apply in this case, in general terms.

[Medveczky] After all, the population is accused of this every year; that it always consumes more than it produces. But I gather that we have never in the past decade consumed more than the Gross National Product, although it is true that we have consumed more than the national income.

[Nemeth] One must be aware here that beside public consumption, taking into account investments and certain international obligations, it can be said that we have used up more, together with certain domestic and international obligations, than has been at our disposal. In this sense, therefore, the country's productivity has always been less than its excess consumption. But this cannot be decidedly traced back to public consumption.

[Medveczky] To be quite honest, I am in trouble because I cannot tell from what you have said whether the present situation and the direction of the processes are in line with the objectives born 6 months ago when the resurgence program was formulated. Has the economy moved in these 6 months in a direction that is in line with the program for stablization and resurgence?

[Nemeth] In my judgment there are signs and trends that already point in that direction. This is also proven by the fact that the aforementioned positive movements have occurred as a result of this year's continuous government measures. But I would like to add immediately that to expect a change within 6 months that could manifest itself into a turnaround would, I think, be naive. This was not promised either in the Central Committee's 2 July stance or by the government program, nor could they have promised it.

Things must be faced here and we must start to solve the problems with realism. We have always said and emphasized that tenacious, enduring, consistent work for 2 to 3 years or even longer is needed for us to make this certain turnround toward a resurgence that will be felt by the population and public opinion in general. The road to that point is very hard and full of sacrifices. But there is no possibility except this program, which must be realized.

[Medveczky] You mentioned tasks, tasks to be solved. Let us take these in turn. I think one of the key questions in our life at present is our debt situation, and the repayment of debt. The plan for this year counted on a certain surplus in our dollar valued foreign trade. As we know, this became an almost $200 million deficit. Anyway, it is a very old aim of ours, it has been our aim for years to decrease imports and increase exports. How do we stand now with this question?

[Nemeth] Our nonruble valued trading balance will probably close with the $200 million deficit you mentioned, despite the fact that the export volume somewhat exceeds that planned. An approximately 6 percent growth in convertible currency export volume can be expected for the end of the year.

However, the other part of the original plan, import reduction, will not happen, or rather it is still very uncertain as to whether this will happen. In this sense, therefore, the difference in pace between exports and imports is what would have determined the balance, the desired surplus of around $50 million. We will not achieve this, but we should know that compared to the significant shortfall of the year before last, this expected $200 million deficit is also a significant step forward.

And we should not forget either, that this year in agriculture, in connection with the drought, almost a half a million tonnes of grain were lost. A significant part of this, for example, reduced the nonruble valued export goods stock. So, if we had closed an average year in agriculture, or if we had been able to work with average weather, and we had this aforementioned grain quantity at our disposal, then in all certainty, this aforementioned deficit in the export trade balance, too, would have been smaller.

[Medveczky] From your words, I understand that, well, all is not right here, and well, things could be better. Let me ask an incidental question that just occurred to me while you were speaking about our exports. Of our dollar export revenues, what proportion is spent annually on debt repayment?

[Nemeth] Well, the rate of debt repayment in this sense, compared to dollar exports, is around 65 percent. This is a significant sum.

[Medveczky] It is very high.

[Nemeth] It is very high...

[Medveczky, interrupting] What does the international financial market say about this?

[Nemeth]...and for this reason, too, it is also in our elementary economic and political interest to moderate the increase of our nonruble valued debt standing that we experienced in past years. Then, by the end of the year 1990, or by 1990, 1991, to also stop this process. This is a very hard demand, but we have no other choice because otherwise this proportion will restrict the sphere of economic activity, and our future possibilities.

The debt this year will increase by the aforementioned—looking at the question from the side of the real processes—almost $900 million. This is roughly a half billion less than that of 1986, and we must also appreciate this. This is a significant movement upward in the course of 1 year. We would like to vigorously pursue this trend in the coming years.

[Medveczky] People here see a contradiction. While it is in our basic interest to increase exports, dollar exports, at the same time we say that we must halt factories that operate uneconomically, and do uneconomic work. Now, how does this come together with exports? Is it thus still exports at all costs?

[Nemeth] From the viewpoint of stabilization, still more of the resurgence, the acceleration of the structural change, the promotion of technical development and its acceleration, is an unavoidable demand. At the same time, the demands of balance, if we approach them directly and on a factual basis, they demand that we further moderate domestic consumption. That is, that we continue to face the dilemma that can be described in brief as the assertion of efficiency versus various aspects of the demand for volume. Questions cannot be approached with a pharmacist's scales; we must go in the direction of efficiency, more efficient export, with small steps, with determination.

For this reason the stabilization and resurgence program is also described as consisting of determination to realize this demand and to formulate the tasks connected with it. In a certain sense we are taking steps, we have already done so this year, and next year these will increase, above all in the expansion of the goods enterprise movement, in the maintenance and increase of enterprises' profit interest, and last but not least, in support with various benefits and the promotion of technical development activity underway at enterprises.

But, in 1988, in addition to earmarking the export volume increase, very strict import regulations will also be necessary so we achieve the desired $250 million trade surplus. Now, I would like to say something about the second half of your question on losses and on the liquidation of lossmaking activities. It is unavoidable that we should reduce the sources of losses in the economy, and we wish to achieve this by taking a determined line, by radically reexamining the subsidy policy, and by a tough credit and monetary policy. There is no other way with regard to this, either. This must be carried out in the budget, in credit practice alike.

[Medveczky] Dear viewers, the table on your screens shows that this subsidy will fall next year by 32-33.000 million forints. So, if I have read your words accurately, the main goal here is efficiency, although at the price of some compromises?

[Nemeth] Yes, this is a conscious line, and I would like to add that our intentions in the middle of the year—let's say—or when the program was formulated, would have meant an even bigger reduction in subsidies. But we had to face certain compromises, which are part of life. For instance, with the introduction of the tax system we — the party and government leadership together — regarded it impermissible that a given branch should become lossmaking merely because of the new conditions. There was, of course, great pressure from the enterprises for higher subsidies.

One must be able to resist this, both in everyday politics and with regard to the loosening of longer term endeavors.

[Medveczky] Let's agree that such a reorganization is no joy. And let us also agree that it involves not only economic but also political tensions and their solution. Whose job is it to solve them?

[Nemeth] Before coming to the last part of your question, let me begin from slightly further away and react to some aspects of the report: For a long time it has been unclear here in Hungary, and also amid the conditions of the socialist countries—and I would like to add immediately that this received great emphasis at the Central Committee session in several speeches—what the state's role should be. What is the state's role partly in the restructuring and partly in cases when one or another enterprise, which may even represent a whole branch, gets into difficulty?

[Medveczky] So what should it be?

[Nemeth] In the report, the comrade party secretary of the factory said that we have no ready-made prescriptions; this must be learned now. We are learning and experimenting. One thing is certain: We cannot copy the seemingly very rational methods used in the capitalist or developed countries. We have political and other domestic political aspects, not to mention economic ones, the question of supplies, that must be carefully weighed before a decision about a reorganization, and especially liquidation, is made. The enterprises in difficulty appeal, so to speak, to the state's proprietorial rights. It is the state that founded them, so they say: help us out. At the same time, on the other side appear the well-run and successful enterprises that believe this activity is harmful and would like to work with less state interference. So the situation here is slightly that the enterprises look upon the state's intervention or non-intervention from their own viewpoint, their own situation.

But the situation is further complicated by the fact that the ambiguous and inconsistent conduct of the administrative organs has also contributed to the unfolding and sharpening of this debate. It is our view, and this has also been emphasized by the Central Committee, that we must now close this. We must clarify the state's role in the restructuring, in the development of the infrastructure, and in the promotion of technical and technological development and of progress. We must also clarify the state's role in cases where, through its rights as founder or proprietor, it helps here and there within the framework of an economic reorganization in order to settle the situation of economic organizations in difficulty, or it reaches the conclusion that one or another activity must be concluded.

But we must also interpret and approach the state's role in the competitive sphere differently than we have done until now. Often, we have until now carried out development projects in the competitive sphere through so-called central economic development programs. These have cost huge sums of money and in such cases the risk element in state decisions is infinitely large. Furthermore, these programs have also opened the way to the loosening of certain conditions of economic management. In today's situation we cannot allow this.

The meager resources at our disposal must be directed at and invested in the most efficient areas possible. Therefore, the July Central Committee session decided without completely renouncing these programs, that our central development programs must be reassessed, and their system of objectives and means must be slightly better balanced. The priority characteristics of these programs must be better emphasized. In the competitive sphere, the unambiguous task of the state must be to build the market and not to disturb the market. State paternalism — paternalistic conduct, to use the fashionably economic expression — must be abandoned, and the activities must be assessed amid more unified, more normative rules, rules that are more unified for everyone. This is what is required, among other things; the establishment of a clearer and more normative system of prices and taxes.

I would like to note that one of our greatest shortcomings in our reform history has been the fact that we never carried out the price reform consistently, and if there is no basis on which to make a clear assessment, then there is a great danger of voluntaristic or unsuitable decisions.

[Medveczky] I think your words have greatly reassured the good leaders of enterprises but it is not only leaders who work in the plants, factories, in the Ganz-Mavags, and in the Mecsek coal mines. You said that an experiment is under way here, that we are experimenting. Let's not forget, and let us return to the original issues, that the subjects of these experiments here and now are people, working people. This gives rise to political tensions at the workplaces. I would like to hear your opinion as to how we should handle these, and whose job it is to handle them.

[Nemeth] It is not a coincidence that in state work a new organizational unit has come into being, the so-called liquidating organization, and, what is more, with a separate financial basis. This is on the magnitude of about two billion forints. It serves the purpose for one of these liquidating organizations to examine, look over the activity of one of these enterprises that is wrestling with difficult problems; to call on the managing units, in cooperation naturally with the state organs, to realize a self-liquidation program. In other words, to try to omit, to exclude the superfluous elements in their activity, to cut down on the organizational, administrative work force, and to set management on its feet with new

organization, issues, and with market, new market-building elements. In the majority of cases these reap success, especially if the work is guided by a dynamic leadership, able to take risks and to dare to make fast decisions.

In socialist conditions it cannot be our objective to liquidate enterprises; we should liquidate only to thereby reduce losses. This may sound good at first, but on the other side shortages would immediately appear, especially on the domestic market, in supply. And in a foreign currency situation such as the one we are in we could not easily make up for this missing production and the missing products. So with careful assessment, thinking first and foremost in the framework of liquidation, this sphere of problems can only be approached and resolved by handling and approaching the human problems of employment in a humane manner.

But it cannot be ruled out that even in socialism we get to the stage, as we have, where an enterprise has to be liquidated. I would like to add right away that it is not accidental that in addition to taking such a direction, the government has also expanded the tools of its employment policy. It suffices to think of the fact that we created a so-called employment policy foundation with a founding sum of over one billion forints, precisely so we can help in the retraining and transfer to other jobs of workers who become redundant.

[Medveczky] I really do not want to argue with you, and in fact I accept what you say, except—and it really has no place in our conversation—let us agree that really it does not please the people who have perhaps worked a lifetime in a large plant, have worked 10, 20, 25 years somewhere, and then suddenly find themselves redundant.

[Nemeth] Well, I would like to say in this regard that we have to adjust a little in this area to world demands. In other countries, not everywhere, but in many countries, they experience several changes, retraining, learning new professions, during a lifetime or work lifetime. We, too, must put on this glove. In this sense we must increase basic training, making education more flexible, we must achieve an openness of the workforce. From another angle, we must not alarm ourselves if here or there 1,500 to 2,000 people temporarily are struggling with employment difficulties, cannot find jobs. This does not mean that in Hungary there is not complete employment or that we want to create unemployment.

Well, here is the example of Ozd. At Ozd the government, the local party and state leaders really made the quickest, most humane approach to settling this. But the country was reverberating from this, that in Hungary,—and the international press in a certain sense, while we know the problems of a lack of workforce in our tertiary sector, in trade, in health affairs, and in many other areas. [sentence as heard] I don't want to list them all.

It is my conviction therefore, that from one angle, with the cutting down of inefficent production, going forward with determination, we are reducing our sources of loss. The use of the labor force, which is liberated in this way, in areas where there is a lack, teaching and so on, trade spheres, according to our needs, will even help in to improve the choice.

[Medveczky] our conversation so far has been on the economy, and I think it is not just myself but the whole country who feels the situation we are in, and that it is our obligation to economize. In the communique issued on yesterday's Central Committee session, by the way, a passage can be found that deals precisely with the reduction of public expenditure. A certain reorganization will come about in the government organs. Can we hear more details about this?

[Nemeth] I would like to say that this work started at the end of 1984, when the Politburo accepted a work program for the rationalization of the so-called tertiary sector, or put more crudely, the nonproductive sectors. But I would like to say that we did not envisage this as a campaign and it cannot be equated with simple reduction in numbers, that we should cut 10 percent from here or there and therefore consider the program implemented. No, this is not what we are talking about; that is the usual campaigns. Decisions must be made in individual areas on the basis of examination of tasks and functions, that is, an analysis of content, as to what must be adjusted and how.

It is an undisputable fact that our public expenditure is very high and, to put it this way, our society works with greater overhead than is justified. We must be able to cut down on this overhead, and reduce it. In this sense, the Central Committee's demand that we follow this with an exemplary resolution and start it as of next year is justified. This extends to numerous areas, not just to the upper echelons of the ministries and government.

[Medveczky] So if I am not prying, let me ask you which ministries will be affected. I imagine this is something that the National Assembly will approve, but how far did the Central Committee concern itself with this question? Can you give me any details?

[Nemeth] The Central Committee received information concerning the ideas in this repect and, as you have quite correctly said, the chairman of the Council of Ministers will submit these to the National Assembly. The essence of the matter is to create a simpler, clearer governmental structure. What is more, the decisionmaking scope and responsibility of the Council of Ministers will increase. Every unnecessary link is eliminated from the system of governmental decisionmaking, and in line with this, the independence and responsibility of ministers will increase.

Certain functions are not settled in our work, in the government's work. It is enough to think of social policy, for example, which is taken care of in several places, in a diffuse way. Well, it is issues of this sort that the Central Committee was informed about and approved recommendations on. If possible, in the near future the first steps should be taken in this sphere on the basis of the decisions that have matured in the course of this work.

I would like to add right away that this work did not arise when the stabilization program was formulated, and not even in 1986; we began analysis work much earlier and will continue. We are now going to conclude its first stage. We will carry out every such task in the future with the same intensity and dynamism.

[Medveczky] If I understand your disciplined formulation correctly, let us not preempt the decisions of the National Assembly. However, perhaps you can give a one-word reply to a single, brief question. Will there be fewer ministries than up to now?

[Nemeth] If we include here the state secretaries with their own portfolios, the state offices, then the answer is yes.

[Medveczky] Thank you very much. Let us return to the budget. The table that we have seen regarding next year's budget, the table relating to the balance of the state budget includes an interesting figure. It shows that the planned deficit for next year is 20 billion forints. Of this, 10 billion forints are in reserve. What does this mean?

[Nemeth] This is also a new measure in our practice to some extent. We would like to give political support to the administration by stating that neither the ministry nor the administration can exceed the budget sum submitted to the National Assembly, for example, as regards certain subsidies, the fund for enterprise reorganizations or the support that individual branches may receive or the sum of the planned budgetary reserve. Thus, to some extent we are tying the hands of the government by saying that it is the National Assembly that can decide on the utilization or on exceeding these sums. This provides a certain guarantee that the administration will resist requests for non-justified individual exceptions and preferences, that it will refuse them.

The utilization of the reserve, the size of the reserve, is connected with the uncertainties involved in the switch to the tax and price reform next year. This reserve can be used only if the savings by the population and the enterprises will be greater than has been envisaged or planned up to now.

[Medveczky] Let us then move on to next year's plan and some of its targets. There is also a table here in connection with this. What is involved here is an increase of one percent in the national income, with a rather significant decrease in domestic utilization and in consumption by the population. The question is, are the results that we have achieved so far sufficient for the realization of the program? The Central Committee communique says that they are not. In which case, what guarantee is there for next year's plan?

[Nemeth] Look, quite naturally it is impossible either to formulate or to give an absolute guarantee now. The guarantee can be the determined intention of the administration to realize a consistent conduct, that is, that it will be determined in pursuing the goals and in refusing individual exceptions and preferences. It is a guarantee that we are creating a closer harmony between the goals and the means of next year's plan, and, first and foremost, it can be the greatest guarantee that next year the number and sphere of those enterprises that are adjusting better and are managing their affairs better will increase. Thus, there can only be one guarantee: our better and more successful work.

I can see a basis for and a possibility of providing the foundations for and implementing these targets. They may appear modest but they contain tough requirements. With a determined stance, governmental work, and even more with the help of the enterprises having a readiness for action, they will be implemented.

[Medveczky] The population has largely accepted the fact that price increases of approximately 15 percent can be expected for next year. I would still like to ask you about the guarantees. What guarantee is there that this 15 percent will be 15 percent and prices will not run away to the extent that some people guess they will?

[Nemeth] This requirement was also expressed at the Central Committee session. It will be a priority task of the administration to follow and control the price processes in a vigorous manner and to use sanctions in the case of unjustified price increases. I would like to say, however, that this is not enough. Until 31 March there is an obligation to report prices. If necessary, we will extend this. The Central Committee did not decide on this at its session. It did, however, decide that it will review the experiences of the start of next year at the appropriate time and should the processes require corrections, it will decide on them.

Since real incomes will also decrease, as a natural consequence the standard of living will also drop. The communique also states that a drop in the consumption by the population, and public consumption in general, is unavoidable next year. This sacrifice must be made, by all of us, but I would like to say that in a differentiated manner. Where enterprise performance improves, this reduction in the standard of living will not be so great; where the performances do not provide the foundation, it is possible that the drop in real incomes will be even greater than the average target figure.

[Medveczky] Everything that can be expected next year will affect the various strata of the population in different ways. However, we can agree that taking the population as a whole we are facing economic policy decisions that will affect the population in an unfavorable way. How can, how does, the MSZMP take a stance in favor of this? How can this matter be handled politically?

[Nemeth] First and foremost, the party can do this through its frankness, through explaining the situation, by showing that the sacrifices that the popluation, and, let me stress, the enterprises and all the economic organizations, will have to make next year and in the years after will be made so that we should leave behind the point, the nadir, of which you spoke at the beginning of this conversation, as soon as possible and that we should begin along the path of recovery. This is not an easy task and the Central Committee must effectively help the policy, the economic policy endeavors and the initiatives of the government. There must be unity as regards the fundamental issues, because otherwise we cannot have faith in successful recovery.

[Medveczky] At the end of the conversation, I have to ask about the fact that also appeared in the Central Committee communique, namely, that the further tasks will be debated by a national party conference during the first half of next year. What can be expected from this party conference?

[Nemeth] I would like to stress that this party conference will have a very great significance if it formulates the tasks in clear and specific terms; after all, we have a program. We began the analysis work last November and continued it on 2 June. The government also determined the tasks for the next few years. The party conference will have to look at the question of whether it is necessary to make adjustments in the course of implementation, and if so, what adjustment are needed. It will have to check on the progress made in implementing our resolutions, and I think that the tasks connected with the leading role of the party, with the modernization of the system of political institutions, are also topics that can be the subjects of discussion at a party conference.

[Medveczky] Thank you for the conversation.

Zdeborsky Announces Slowdown in Debt Payment

WA161343 Paris LE MONDE in French
4 Dec 1987 p 35

[Text] Hungary is going to slow down repayment of its external debt in order to avoid compromising the economic reforms the country has initiated, it was learned on Wednesday, 2 December, in Budapest. "Servicing of the debt [$2 billion in 1987] should not overburden the Hungarian economy too much and should allow successful implementation of the country's 3-year program of restructuring and economic stabilization," declared Mr. Gyorgy Zdeborsky, the ganeral direcator of the National Bank of Hungary, to AFP.

During the coming 3 years Hungary, which already has a net debt to the West of more than 10 billion dollars, will continue to borrow, with the intention of achieving "equilibrium in its balance of payments in 1990." It should be recalled that last month Budapest obtained from Bonn a loan of DM1 billion, to be spread out over 12 years.

Varkonyi Returns From Egyptian Visit

LD152318 Budapest MTI in English
2145 GMT 15 Dec 87

[Text] Budapest, December 15 (MTI)—On Tuesday Foreign Minister Peter Varkonyi returned to Budapest from his official visit to the Arab Republic of Egypt. He was welcomed at Ferihegy Airport by Ahmes Ahssan Sobhy, charge d'affaires ad interim at the Egyptian Embassy in Budapest.

Joint Communique Reported

NC151503 Cairo MENA in Arabic
1345 GMT 15 Dec 87

[Text] Cairo, 15 Dec (MENA)—Egypt and Hungary have affirmed that holding an international conference for peace in the Middle East, to be attended by all the parties concerned with the issue, including the PLO and the five permanent members of the UN Security Council, is the only possible and available way to resolve the Middle East problem.

In a joint communique issued at the end of Hungarian Foreign Minister Peter Varkonyi's visit to Cairo, the two countries supported the implementation of UN Security Council Resolution 598, which calls for a cease-fire between Iraq and Iran. The two countries welcomed the U.S.-Soviet treaty to eliminate intermediate-range nuclear missiles from Europe and emphasized their determination to continue efforts to consolidate and strengthen international peace and security. The communique noted that the two countries' views were identical with respect to the importance of dialogue and political negotiations between the countries of the world as a means for resolving international problems.

The Egyptian-Hungarian joint communique noted that the talks between the two countries had been held in an atmosphere of friendship and understanding. During these talks, the two sides discussed the ways to promote and strengthen bilateral cooperation in all fields. The communique further added that the Hungarian foreign minister had invited Dr 'Ismat 'Abd al-Majid, deputy prime minister and foreign minister, to visit Hungary. The invitation has been accepted with appreciation and the date of the visit will be fixed later.

Szuros Receives Israeli Communist Official

LD151556 Budapest MTI in English 1455 GMT 15 Dec 87

[Text] Budapest, December 15 (MTI)—David Henin, member of the Political Committee of the Communist Party of Israel and secretary of the Central Committee, met Matyas Szuros, secretary of the Central Committee of the Hungarian Socialist Workers' Party. The Israeli Central Committee secretary paid a short visit to Hungary on the invitation of Central Committee of the HSWP and left on Tuesday. He held talks with Jozsef Gyorke, deputy head of the Foreign Affairs Department of the Central Committee.

At the talks the sides exchanged views on the international situation. They expressed their support for the attempts to establish a nuclear weapon-free world, and the endeavours that aim at the internal renewal of the socialist countries. They agreed that the attitude based on the recognition of interdependence could lead to the organization of an international conference on the Middle East, with the participation of all parties concerned, including the Palestine Liberation Organization and Israel, to open a path to the peaceful settlement of the conflict. The negative stance of the Israeli Government poses the main obstacle.

Both sides appreciated the experience of the Moscow conference held with the participation of left-wing and progressive parties and movements this November. They stated that the conference may facilitate the establishment of a new international cooperation.

The sides spoke highly on the development of relations between the Hungarian Socialist Workers' Party and the Communist Party of Israel, and they discussed opportunities for further developing contacts.

Warsaw, NATO Summits on INF Treaty Compared

AU152100 Budapest MAGYAR HIRLAP in Hungarian 14 Dec 87 p 3

[Editorial by Denes Gyapai: "Consonance"]

[Text] Comparing two almost simultaneously formulated communiques will be an important task for analysts for a long time to come. One communique was released in Berlin, the other in Brussels, both on 11 December. The former was released on the occasion of Mikhail Gorbachev's briefing in East Berlin on his way back from Washington to the general secretaries of the Warsaw Pact member countries' fraternal parties, and the accompanying defense and foreign ministers, on the Washington summit and the disarmament agreement signed with Ronald Reagan. In Brussels, at the regular winter NATO meeting, U.S. Secretary of State George Shultz briefed the allies on the accord signed in Washington and the exchange of views held there.

The fact that the same issue was given identical emphasis in both Berlin and Brussels is welcome in itself, namely, that the participants in both cities expressed their support for the Soviet-U.S. agreement. There is, therefore, consonance in the evaluation of the two military and political blocs concerning the disarmament and elimination of intermediate- and shorter-range missiles. The Berlin communique points out that "a historic step has been taken which will have a favorable effect on the atmosphere of our planet and will increase the mutual confidence between states." The NATO countries' foreign ministers used adjectives more sparingly. However, they also took the risk of saying that they hoped the Gorbachev-Reagan agreement would have a favorable effect on the development of East-West relations, and we can certainly mention this among the consonant lessons, too

There is no contradiction between the Berlin and Brussels communiques in the important emphasis placed by both meetings on the need to continue the disarmament process. In this respect, even the order of importance shows a remarkable likeness. Both Berlin and Brussels stipulated a 50 percent reduction of strategic offensive weapons, the banning and elimination of chemical weapons, and the creation and reduction of a balance in conventional forces and arms. The only thing the Berlin communique adds to the one from Brussels is that the Warsaw Pact countries, hardly by accident, also thought it important to include the halt in nuclear experiments in the agenda of upcoming disarmament negotiations.

An element worth noting in the communique on the NATO session in Brussels is that the NATO foreign ministers expressed their hope that the Soviet-U.S. agreement would come into force as soon as possible. This is hardly a disguised reference to the hope in Western Europe for the quickest possible ratification in the Senate. The U.S. Senate has already failed once to ratify an agreement, in the case of the SALT II, and thus, the allies' concern is understandable, even if cautious estimates give this agreement a much better change of being ratified.

The high-level representatives of the Warsaw Pact member countries expressed also their concern in their communique released in Berlin. If we examine the NATO communique more thoroughly, we will see that this concern is not unfounded. It is stated in that communique that "in order to avoid war, NATO regards it necessary to follow a policy of deterrence based on a combination of the use of nuclear and conventional weapons." Unfortunately, this is a well-known concept, hardly a new formulation. It was this doctrine of military deterrence that led, in December 1979, to the so-called double NATO decision concerning the deployment of Euromissiles, and what Harmel, who was then Belgian foreign minister, concluded has remained unchanged in NATO practice ever since: The doctrine of parallel talks and armaments continues to be firmly in force in the midst of improved international atmosphere.

For the time being, there is hardly a chance of this doctrine being eliminated from the NATO vocabulary. In urging the continuation of the space arms race and the strengthening of conventional weapons, Ronald Reagan—who seemed to have already forgotten his historic signing of the accord in Washington—expressed his views in a similar spirit, as did U.S. Secretary of State George Shultz following the NATO session in Copenhagen. There is no contradiction here in the NATO interpretation, even if, for example, the member countries' foreign minister—similarly to the Warsaw Pact position—attributed great importance to the CSCE conference from which they "expect a long-term stabilization of East-West relations."

Both in Berlin and Brussels, parallel with the talks, the representatives of countries with intermediate- and shorter-range missiles deployed on their territories signed an agreement on the disarmament procedure and its verification with the Soviet Union and the United States. Following this, the foreign ministers of Western European allies made a short statement. Several of them—including Britain's Howe, Italy's Andreotti, and FRG's Genscher—regarded it important to use the opportunity and stress separately the need for the speedy ratification of the signed missile disarmament agreement by the United States.

According to observers in Brussels, the NATO member-countries unanimously approved Reagan's step and supported the U.S. Administration in its missile agreement with the Soviet Union. The statements made by the foreign ministers following their NATO session made it clear beyond any shadow of doubt that the U.S. "hawks" — whose number, has, fortunately, considerably decreased recently in the decision preparation and decisionmaking process—would not receive support from Western Europe in delaying the ratification of the agreement. From Margaret Thatcher to Helmut Kohl and the head of the Socialist International, and from Mitterand to the pope, this agreement of historic importance was welcomed everywhere with relief and joy.

Therefore, it is no accident that many conclusions are consonant in the Berlin and Brussels communiques, although the approach is different. It truly reflects the long road followed up to the signing of this agreement on 8 December and the complex issues that are still to be solved concerning the disarmament process, a process which — we hope — has already become irreversible.

PZPR Central Committee Proceedings Reported

Secretary Bednarski 'Released'

LD152131 Warsaw Domestic Service in Polish 1900 GMT 15 Dec 87

[Text] Let us go over to our correspondent at the sixth plenum of the party Central Committee.

[Unidentified correspondent] The sixth plenum of the Central Committee has resumed its deliberations. The subject of deliberations is, let me remind you, issues relating to socialist renewal, as the condition for speeding up Poland's development.

The Central Committee has elected Mieczyslaw Rakowski a Politburo member, and Manfred Gorywoda has become a Politburo candidate member.

Henryk Bednarski has been released from his post as Central Committee secretary, and Bogumil Ferensztajn has been released from his post as Politburo candidate member.

A committee for preparing the third general party ideological and theoretical conference was also set up.

As far as cadres changes are concerned, I will also add that Andrzej Czyz has been appointed head of the Ideological Department. He was, up to now, deputy head of this department. Jerzy Swiderski has become head of the Cadre Department. He has so far been PRON secretary general. Slawomir Tabkowski, chief editor of GAZETA KRAKOWSKA, has been appointed head of the Propaganda Department.

Jaruzelski Closing Speaks

LD152325 Warsaw Television Service in Polish 2000 GMT 15 Dec 87

[Closing Speech by Wojciech Jaruzelski, PZPR Central Committee first secretary, at the Sixth PZPR Central Committee plenum in Warsaw on 15 December—recorded]

[Text] Comrades, when summing up the deliberations of the 13th plenum of the previous term of office, I said from this rostrum: The party does not have to be ingratiating; its duty is to speak the truth and only the truth; its obligation is to inform the working class and the whole nation of what is possible and also what is necessary. We were, are, and will be faithful to this declaration. In the course of the past years we have made progress in the restructuring of virtually of all spheres of life. The PZPR program has made socialist renewal an irreversible direction of action.

The year 1987 is coming to a close. In line with the resolutions of the 10th congress, we have concentrated the party's thought and action on the concept of the second stage of economic reform, on further political reforms, as well as the party's role in the process of these transformations. A comprehensive joint program for the continuation and intensification of socialist renewal has arisen.

The course of both parts of our deliberations, in which unity for the general line of the party has been expressed, proves that the Central Committee is fully aware of its responsibility for the consistent implementation of the line of the 9th and 10th congresses.

Socialist renewal forms an expression of the correctness of the present developmental stage of our systemic formation. The far-reaching reforms that are being made at the inspiration of the party are, therefore, an objective necessity. Their complete implementation ought to change the conditions of work and life of the whole of society and reach every family, and each citizen, their consequences. The party, in formulating the program and taking on the responsibility for its realization, has proven once again, with full force, that it is a driving force capable of transforming the historical aspirations of the working class and its allies into a process of national development.

In the work of the socialist renewal a great reformist coalition has grown on the basis of national agreement. The 12 million citizens who in the referendum voted for swift and radical changes in the economy and public life—that is great potential. It is a particularly valuable guarantee for the success of the reforms.

The more than 4 million citizens who, for a great variety of reasons, approached the radical version on the ballot paper with apprehension or unwillingly are not necessarily opponents of reforms. One can and should convince them with facts, with practical proofs, with a true improvement in the situation.

Part of society did not take part in the referendum. One can accept that one of the main motives for this was the lack of belief in the effectiveness of the changes. Thus also many among those who refrained from voting can be brought to our side to support the reforms—if these reforms begin to show tangible results.

Before the referendum we presented a new, wide-ranging offer of agreement—without excluding anybody a priori. On the basis of interest in reforms the dialogue has broadened. We have gained greater understanding and support.

We shall persistently continue to strive for a deepening of this process—not from the position of one who has been defeated and not from the position of victor, but from an honest social and moral authorization to which the recent referendum gave an unquestioned standing.

We once again stretch out our hands to all those patriotic, constructive forces and people who, retaining and openly expressing their ideological identity, acknowledge in this way the national and state pursuits of socialist Poland.

Outside this framework, broader than it has ever been before, there remain only irreconcilable opponents. They have excluded themselves. Just as they supported the restrictions that struck at our economy and the whole of society, so they are now trying to obstruct the policy that aims at the strengthening and development of our country.

The picture of contemporary Poland is made up of many phenomena and facts but particular attention is paid to just how far we are capable of solving our national problems with calm and a sense of responsibility. Bearing this in mind we shall not allow a legalized detonator to be fitted into our life—nor confusion, disquiet or agitation. With our own efforts and with the wisdom of the nation we have ensured that Poland has not become the Lebanon of Europe.

We also cannot permit Poland to be a synonym of an eternal convalescent, moving on crutches as a hero of former battles, with whom one can commiserate, even flirt, but whom one doesn't need to reckon in the hard game for the future.

Comrades: As a result of the referendum the execution of necessary modifications in the implementation program of the second stage has become imperative. There will therefore be corrections. But one correction will not be made, neither today nor tomorrow—a retreat from the reform line. All our experience indicates that the condition of success is the consistency and coherence of the changes. We must not allow the program to be made shallower and become pauperized, the replacement of means by half measures. The second stage of reform cannot even partially become bogged down in putrid compromises.

We said before the referendum that we were prepared for the eventuality of accepting a milder version. Moreover, we emphasized that the way to a good market leads above all through an explicit growth in supply. Prices play an exceptionally important but not an exclusive role. The situation that has arisen requires us to seek the possibilities of increasing production activities. That, on the other hand, necessitates an intensification of the economic rigors, greater economic discipline, and a slower advance toward a rational system of prices. We should, therefore, balance with greater radicalism and consistency the accelerated introduction of the remaining elements of the program, including a halt to the inflationary growth in incomes.

As the premier said today, the government will monitor and resolutely observe the effectiveness of the operation of economic mechanisms. In the final analysis, however, it is up to those who are in charge of enterprises to expand what they have—and this goes for self-management bodies and workforces as well. It is essential to resolutely remove any and all impediments to progress. I have in mind here progress on a grand scale, based particularly upon development of science and technology and also progress of smaller dimensions, arising from a daily, solid, honest, and enterprising attitude on the part of the working people.

Fiscal economy must be subject to particularly strict constraints—it should be as difficult for the enterprises as it is for the citizen to get hold of our currency, or even more so. Those who have good results ought also to have rewards, including financial ones. Those who manage poorly should bear the consequences thereof. There can be no concessions for those who are inefficient. Wastrels being maintained by those who are best represents a kind of concrete exploitation.

As far as the budget sphere is concerned, here too it is essential to count each and every zloty, to save, to put an end to the practice of financing budget deficits with worthless money by printing banknotes of no value. This goes for enterprises and citizens alike. There is no better way to modernize the economy other than through structural changes. Elbow room has been and continues to be limited, if only in view of the burden of indebtedness.

It is, however, possible to speed up these changes and to give this process a real dimension. It is essential, therefore, to revise the 5-year plan.

Clear contradictions are taking shape around this issue. The main conflict hinges on the fuel and energy complex. Here lies the threat of great economic disruptions but at the same time, the possibility of cheaper, and therefore accelerated, development. Both aspects must be taken into consideration. All the pros and cons must be weighed up. We must be closely immersed in the realities and know what hampers us today and what will bring us relief tomorrow. One things is certain: the later we make an intensified effort to save coal, gas and oil, the longer and more acutely the danger of an energy famine will weigh on us.

It is essential to free the investment program of undertakings that have particularly long implementation cycles and that are costly in favor of modernization investments and high-technology industry. Decisions must be comprehensive and well-thought-out, but quick and decisive. Changes in investment policy will not be against something or somebody, but for something and in the general public interests, which must take precedence over particular appetites. We also affirm our standpoint, that without a good agricultural policy, founded on healthy economic principles, the country's economic development is impossible, as is satisfying society's food requirements and the civilizational aspirations of the countryside. At a joint meeting of the

PZPR Central Committee Politburo and the Presidium of the Supreme Committee of the Unnited Peasant Party we intend to evaluate the implementation of the joint line, to analyze the situation thoroughly, and to make the essential decisions.

We are also working to agree on a date for a joint session with the Democratic Party Central Committee Presidium. No one will build the future for us. Working people must create it here and now. Reform is not just instruments—people use them [as heard], millions of educated, qualified citizens, ready to do solid work.

The constraints of the second stage of the reform, backed up by certification work, which is better than it had been previously, should make for proper utilisation of this national wealth. The process of economic reform, our resolve and efficiency in action, are attentively followed abroad, giving rise to interest in the fraternal countries.

Economic and financial circles and the governments of Western states watch events in our country attentively, too. We hope they will not confine themselves merely to observation alone. We expect that our resolve in reforming the economy and in opening it up to cooperation from abroad will be accompanied by a process of resumption of normal conditions of financial and credit cooperation.

As far as the tasks set by the party's tenth congress are concerned, we are not pleased, in particular, with the state of affairs in the distribution of employment, production quality, and savings in power, raw materials, and other materials. The impasse in housing construction has not been overcome.

Supplies of drugs and articles of hygiene are bad. The last two matters have a particularly painful social significance. The party expects and recommends the application of extraordinary means. The first steps have already been taken. Party echelons and organizations should see to it that the expected results are obtained. In the process of reforming the economy and the state, the party must take care to see that the domination of socialized ownership should be guaranteed; this does not call into question equal rules for all sectors. The state's responsibility for the state of and development of the economy should also be guaranteed; this does not conflict with independence and self-management.

Full employment; this does not mean [word indistinct] with its excess, with leniency toward those who work only half-heartedly.

Social justice; the defense of the weakest and those worn out with hard work, which should not shelter those who pull us down and have themselves to blame.

Equal chances in life; this does not reduce the stakes for the best.

Broad civic rights; profound democratism, which must not lead to anarchy, lawlessness, and particularism.

The great achievements of our system of government are the guarantees of its social security. Today its most important task is to achieve high economic effectiveness. The achievement of the sixth plenum, the broad discussion in the party and in society about the Politburo report, is excellent proof of the correctness of the basic directions of deepening socialist renewal, its particular kind of new stage.

In the resolution adopted today the Central Committee confirmed the party's determination regarding the further democratization of the life of our country; that these will not be merely generalized directional guiding principles is testified to by the Politburo's obligation to elaborate a program and to present it at the next plenum—specifying detailed schedules, plotting a course for the work to be undertaken, and stating how they are to be calculated.

We must therefore mobilize and set in motion all of the party's forces for implementation of the reforms. This, today, is the supreme and first-priority task. We are only at the beginning of a great and historic process the direction of which was set out and then developed by the resolutions of the 10th congress. At the present time the most important thing is the effectiveness of actions. The practice and nothing but the practice will be the judge of how—in such a complex situation—we pass the test of history.

The analysis contained in the report on the causes and the course of social conflicts in the history of People's Poland proves that the source of upheavals and breakdowns was not the excess but the insufficiency of socialism, not the superfluity but the deficit of democracy, not the excessive but an insufficient authority of the state. One does not receive the support of the majority as a gift. To gain it in a democratic way, in democratic institutions, must be the fundamental method of working for our party.

Making democracy an authentic, efficient, and effective democracy represents the basic direction of the new political culture. The practice of hollow applause, of seemingly smoothing out the differences, of mechanical support, are things of the past. Our party's struggle and work revolve round not an imaginary society but a real one with all its differences, with its contradictory interests and views jostling for position. The referendum has turned out to represent a valuable method of gaining an in-depth recognition of them and it should enter the practice of socialist democracy for good, in the regional and local scale, too.

The Politburo's report has met with a positive response in the party and in wider social circles. It has come to be recognized as evidence of boldness and consistency in implementing the socialist renewal.

Painful economic difficulties are, however, being experienced: there is a partial paralysis of a part of the mechanism of socialist democracy currently in operation and, above all, a deficit in efficiently seeing things through to completion. This gives rise to doubts that the party and the people's power are really able to complete the promised reforms. Will they not, to use a picturesque turn of phrase, run out of breath? It can be assumed that these doubts made themselves felt also in the referendum results. One must gain an understanding of these fears. Many social circles still experience specific shortages of democracy.

But it is also not a small percentage of the public who demand something seemingly quite the opposite: order and discipline, the strict responsibility of people and institutions, the so-called iron hand. We draw a conclusion from this, which in any case is not new. We need both more democracy and more discipline. Care for the strength and efficiency of the socialist state must go hand in hand with the unceasing and above all real broadening of the participation of the citizens in the whole complicated process of government and self-government. That is the next lesson coming from the results of the referendum.

Special responsibility rests upon those comrades who fulfill representative and administrative functions in the central and regional organs of authority, those who are active in the Patriotic Movement for National Rebirth, in public and trade union organizations, and in self-government. The eyes of nonparty people are above all directed at them, and therefore, at us all. Our attitude and our activity determine that public trust in the party.

The deep reforms of all elements of the social and state organism require of the party, of all its members, a change in the way of thinking and acting. The model of the political leadership of the PZPR must conform to the changes in the economy and public life. The crystallization of correct relations between the political and administrative factor has a particular significance in this process.

We are open to wide alliances. Government by coalition is being improved and we shall go further in this direction.

The terms of reference of the PRON's work are being expanded and the content of its work is being enriched. The ranks of its activists are growing. More and more valuable initiatives come up. These processes must be accompanied by a constant consolidation of our party's identity, by fidelity to its ideological principles, by a day by day and consistent defense of its line.

There is room in the party for doubts, criticism, and different views. The need for bold and creative discussions is essential. They shed light on problems from different angles; they often turn people toward new ways of thinking lurking behind which, it may well be, are real and as yet subconscious contradictions and social requirements.

However, neither the party's rules nor practice allow us to shirk from implementing decisions which have been democratically arrived at or to devalue their worth. Democracy, too, demands cohesion and discipline. What do you expect from the party—but also, what do you give it yourself? What is your own personal contribution to implementing its program in your own work community and everyday life? Do you defend the party line? To what extent are you ready to forge ahead with the cause of reforms?

We shall seek replies to these questions in individual conversations prior to the national conference of delegates. This will make it possible to have a better assessment of how many of us really are in the party; it will deepen our knowledge of the realities of life.

It will become an educational, activating, and, when necessary, a disciplinary campaign. It will strengthen the often still weak basic organizations.

Comrades! Democratic changes cannot be separated from the development of the concept of information and propaganda. Without a wide flow of knowledge about the basic issues of state economic and social life the development of socialist democracy is, quite simply, impossible. The policy of openness, of the raised curtain, which our party initiated, is a consequence of the partnerlike way in which the participants in political life in People's Poland are treated, the increase in the sovereignty [podmiotowosc] of society.

Someone once said that the most successful propaganda is that which goes unnoticed. That is not what we are after. We do not want to manipulate human minds; we want to win them over. In the discussions going on in the mass media the voice of our party ought to be heard even more clearly and distinctly. The press, radio, and television are today free of past restrictions.

The responsibility of party members, and first and foremost that of its leadership, government representatives, activists of central authorities, is to take an active part in this openness. Democratic norms and a new political culture place greater expectations upon propaganda; they oblige (?us) to treat disagreements as a natural characteristic of social life.

In the referendum a whole gamut was seen: class differences, differences in interest, the realities of different milieux, and local complaints—including situations which negate socialist renewal. Old sins cast long shadows. Where layer of disappointed hopes pile up—hopes for a just solution—distrust rears its head—distrust as far as the party's intentions and the declarations of the authorities are concerned. Unfortunately it does happen

that some of our organizations and committees treat each criticism as a personal attack or even as an attack on the party as a whole. Here clarity is essential; true concern and authority show themselves first of all in the care shown for public interest, for social justice, and for party spirit [partyjnosc] in everyday acts.

Our duty is to go everywhere people are suffering, where real and existing possibilities are being faced with alleged obstacles where things happen that are against the norms of social coexistence, where people get rich not through their own work, where they prey on the difficulties of others and human misfortune. Only part of these problems reach the press and the public cause list. Not many of them end with light being shed on them. The higher the authority the more harmful are arrogance and lack of feeling—materially, politically, and morally. We are very well aware of this.

However, in Poland millions of people feel and exercise some kind of authority: not only the official, the functionary, but also the bus driver, the shop clerk, the plumber, and the quality tester at the purchase point. Their arrogance mounts up in the public mind and burden the general picture of authority. As a result of the report of the Commission for Reviewing Organizational Structures, the regulations are being changed in relations between offices and citizens, in the activity of the public services. Procedures are being simplified. Numerous more efficient measures are being introduced. This will not replace good will, however; the party in particular must not lack it. (?Reliance on) and respect for the dignity of the other person is a party requirement. Whoever does not do that questions his [party] card.

Comrades! The cadres have always played a decisive role. Today, in conditions of decentralization and increasing independence, they decide to a degree greater than ever before. A permanent and efficient system of positive selection and a rational economy of professionals arouse understandable interest. This directly concerns people: their life, social position, and well-conceived career. It is easy to injure here, but it is also easy to show excessive leniency. The assumptions of cadre policy are correct, the principles good, but their implementation is frequently halting. It meets with social criticism. There are cases of maintaining various people with immunity, while young, able, particularly nonparty people are stuck for years in corners.

There is still definitely too little leveling up. Some enterprises raise themselves high above the average; others in similar circumstances permanently establish themselves below the level. Parishes [gmina] and towns which are successful candidates for the Master of Thrift [a competition for best kept town or village] have as their neighbors masters of negligence and incompetence.

We have already published comparative lists. For example, some build a house in a year and others do the same in 3 years, which is more expensive. It has been noted. Period. Let us be candid, even in this chamber too little consideration is heard as to why that happens. People of various characters and attitudes stand behind the contrasting effect of the situation. It is no longer a matter of the system, improvements, and instruments, although they should be continually improved but above all consistent personnel accountability, the execution of personal responsibility from top to bottom.

We should come to the seventh plenum with a load of concrete and comparative estimations of various spheres of life, levels, echelons, institutions, and the conclusions drawn from this, including on personnel.

We say continually: more nonparty people, women, and young capable specialists in managerial posts. There continue to be too few appropriate changes, however. Appeals alone for activity in reforming the economy, in technological progress, and in democratic changes do not get through to young people. They regard them as obvious and at the same time vague. There is a lack of both decisive will and also effective mechanisms and wide roads to ensure individual and collective promotion of the dynamic members of the young generation. How can we ensure the power of our economy and other spheres of life to absorb the most capable and above average? How can you ensure that it pays to be the best? The recent congress of the Association of Polish Students put that question in sharp relief. The reply should be given above all by the socialist economy and state enterprises. It is precisely they which can be particularly attractive for ambitious young people and give them the chance of both using their knowledge and of fulfilling their professional aspirations, and of high earnings, good social conditions, public satisfaction, influence on decisions, and of participation in culture.

Comrades, what is the joint yield of the fifth and sixth plenums? We have a comprehensive, compact, and rational program of concrete action, which is accepted by the party and the overwhelming part of the nation. All the necessary corrections and changes currently being introduced are for and not against. They serve its enrichment and not eradication. The gravity of our tasks moves from the conceptual to the implementation plane.

The fundamental stage of implementing the decisions of the 10th congress is beginning. The new prospects and tasks are a powerful incentive for developing our party thought. The Politburo report and numerous voices in the discussion have enriched the content of the PZPR program. The achievement of our deliberations is valuable raw material for ideological work, an inspiration for theoretical research. The sixth plenum has affirmed the urgent need for comprehensive examination of the dilemmas, contradictions, and trends in the contemporary stage of socialist transformations, fo the processes taking place in all spheres of life. Our nation needs a new Polish self-image. The theoretical Marxist-Leninist tools of party practice and above all recognizing the field of

action and formulating recommendations and development forecasts are the great task of the social sciences and the humanities. A particular responsibility lies with the party's scientific cadres. Their duty is to answer contemporary questions, to tighten the bond of pioneering theory with modern practice, to provide arguments against those whose professions of faith remain fossilized patterns and those who under the banner of innovation, deny the fundamental scientific values of socialism.

The preparations are beginning for another party ideo-theoretical conference. We expect the team set up today to decide on its program to work with insight, intensively and effectively. We are deliberating on the 39th anniversary of the unification congress of the Polish Workers Party and the Polish Socialist Party: The first congress of our party.

In the year we will be celebrating ceremonially the jubilee of this historic act of great permanent importance. We constantly read anew the history of the party and at the same time we constantly create it. Assessments of past stages are not of a closed nature. They undergo verification and reevaluation under the influence of more a profound look at the sources and of new experiences and tasks. This is a demand of dialectics, an expression of the unity of continuation and changes, which in an organic union, creates the history of our movement. Time affirms the enormous services of the predecessors of the PZPR: the PPR and the PPS and the indestructible currency of their creative concepts and great deeds; Warynski and [name indistinct]; Kasprzak and Okrzeja; Marchlewski and Barlicki; Warski and Niedzialkowski; Wera Kostrzewa; Prochnii and Nowotko. They are a model and an example for contemporary party generations.

We expect of the historians of the worker movement and the history of People's Poland, for the 40th anniversary of the unification congress, more profound papers, free of ambiguities and simplifications; analyses of the complex road of fusion of two currents into a truly joint party of the working class and the polish people; and also an all-round, unvarnished assessment of the contribution of the united party to the contemporary achievement of the nation—the achievements and transformations in strengthening the independence, security, and international standing of the people's state.

The creation, through steadfast alliances, of a stable guarantee of the state's existence and territorial inviolability; the realization of the Polish social and industrial revolution, along with an educational and cultural revolution; the epic migrations of several million; the rebuilding of the country; the advancement of the masses: all this is the historic testimony that no one can take away from our party and its predecessors.

It is not a home-grown reactionary movement that has given our homeland independent sovereignty for the second time during the 20th century. The gentlemen in London debated, and People's Poland—saved from the conflagration, within new and safe borders — was born from the struggle of the working people of the towns and villages. Who led them? Who explained to them the importance of national and class problems, interwoven for the first time? Our party has an unshakable political title and an historic authority to bear the burden of responsibility for the future of the homeland; to inculcate into the awareness of young Poles' political knowledge and a moral option linked to the history of the (?workers) movement, with the history of the Polish left wing.

Before us lies a difficult and bumpy road. There is rivalry between nations for a place in the society of the world. We Poles have untapped resources of social energy, of patriotism, and (?an aptitude for) sacrifice. So, we do have a chance. There is but one condition: We must hasten our steps, not give in to temporary doubts. That is today the strategic task for our party, for its allies, for all the patriotic forces of the nation. The years to come will decide the future of our homeland, will decide the success of the present and future generations.

This is our last session for this year. I wish to take this opportunity to convey to all the members of the supreme authorities of our party my warmest thanks for their activity for their assessments and their proposals, for their valuable contribution to collegiate decisions and the activities of the Central Committee. May I also be allowed, esteemed comrades, on behalf of us all to convey to all the members of our party our very best wishes for fruitful professional work and social service, for creative initiatives and fruitful undertakings, and all that is best in their personal lives. The approaching new year will be a great test of the consistency and effectiveness of implementating the reforms. We must make this a time of persistent and efficient implementation of the tasks we have undertaken today. We would like—although this possibly will be difficult and will place increased demands upon us—this to be a time for our nation, for our socialist homeland to reach new limits. [applause]

Messner on Economic Measures

LD151902 Warsaw PAP in English
1330 GMT 15 Dec 87

["Messner's Speech at 6th PUWP CC Plenum (abridged)"—PAP headline]

[Text] Warsaw, Dec. 15—Today's plenary meeting is especially significant to the second stage of the reform. It is so because the final shape of Polish economic, social, and political transformations is being decided on. It is being decided whether we shall employ our joint knowledge, experience, and activity for the cause of their

consistent materialization and achieving durable effects, or whether we shall agree to such a weakening of them as could push us into inactivity and stagnation.

Several days ago in the Sejm I presented the main directions of government works on the modifications which must be done in the "implementation programme of the second stage...." in connection with the national referendum. Today, I would like to make these things more precise. I would also like to present the guidelines of the economic policy for the coming year.

The introduced modifications in the "implementing programme.." preserve its main trends and internal logic. We do not abandon the line of reforms, formulated by the party at the 10th congress.

Along with slowing down the pace of implementing reforms, whose consequences raised concern of a part of the society, the realization of other goals, finally affecting growth of supply, will be accelerated and more strict.

First of all, it is necessary to continue the already initiated work, related to creating conditions for releasing initiative and enterprise of economic units and citizens, as well as, modernization of the system of management.

We started with the restructuring of central administration. At the start of next year, the central administration will start to operate in the new shape, adjusted to the assumptions of the second stage of the economic reform.

These are deep-going changes, of an unprecedented scale. From that moment on, the "centre" will not directly and meticulously manage the economy. The government ceased to be a federation of representatives of individual branches and industries. Its members, in turn, must represent state policy as a whole, everywhere and towards all.

These qualitative changes have also their quantitative dimension. The Council of Ministers adopted new statutes of the majority of ministries and determined their internal structures. As to the newly established offices, the number of organisational units dropped by nearly two thirds, employment—by a half.

The next phase in the re-structuring of the state administration will cover its local organs. Like in the cause of the centre, the weight of their task, powers, and responsibility will grow. The Council of Ministers has already adopted the first acts regulating the principles of the organization and functioning of these organs.

Works are continued on passing the power of being some enterprises' founding body from the centre to local organs. This will lead, among other things, to a substantial increase in local budget revenues and, at the same time, an increase in their responsibility for financing local needs.

In effect of transformations in the administration the independence of enterprises grows, while the powers of their founding bodies are being limited. This is a deliberate process.

The strength of the centre is determined by the effectiveness of the systemic conditions it creates. To operate efficiently in the new situation, the enterprises must find optimum organizational solutions themselves and learn how to correctly respond to signals that reach them.

Under way is a review of regulations from the point of view of decreasing the distributive function of law. This review should in the first place result in a reduction of minute powers of supreme and central bodies of state administration.

Greater will be the number of enterprises with directors appointed by workers councils. Their number will go up by about 1,000.

The elimination of formal barriers brings about effects already in the form of new initiatives of, for instance, creating various companies. This will be facilitated by further solutions concerning among others trade law companies.

After the Sejm's go-ahead, continued are proceedings on the law on undertaking economic activity. This will surely crop up with raising enterprise of economic units, especially in the field of market-oriented production and services. Regulations concerning the activity of the so-called commission system have become more flexible. The system is expected to cover new areas of economic activity, including the building industry.

The corrections in the price-income programme decrease the scope and scale of making economic parameters more real. Nevertheless, the range of central distribution of material-technological supply will be quite significantly limited. The number of commodity items covered by this distribution will be reduced by 60 per cent next year.

Effective new year, a new law on counter-acting monopolist practices in the economy will come into force. With regard to non-efficient enterprises, regulations on bankruptcy will also be enforced in a stricter way than they used to be.

A preliminary draft law on bonds has been prepared. It still needs to be specified in detail. Also, it requires indepth discussion among both experts and large groups of executives. Freedom of trade exchange with other countries is growing. A specification of goods the exchange of which will not require a license is being prepared.

The measures presented here are but examples. They show that, in keeping with the intentions of this plenum's first part, "the implementation programme of the second stage of economic reforms" will in its essential part be executed with full consistency.

We depart from a one-stroke, radical restructuring of prices and incomes, stretching this operation over several years. This does not mean that we give up making the economic calculus real. But this will come slower covering successive segments of the market in individual years.

This will undoubtedly weaken the effectiveness of the influence of economic tools on the economy. But in my opinion the possibility will grow of winning public understanding for the directions of the changes proposed.

Modifications of the "implementation programme..." will concern mainly the retail prices of goods and services of basic importance for the living standards of the population.

This applies in particular to basic foodstuffs. An increase in their prices next year would be over 2.5 times lower than it had been proposed in the pre-referendum variant. It will also be necessary to continue rationing meat and its products.

We have gone even farther. The scale of increases in the payments for the supply of gas, electricity, hot water, and central heating, as well as rents for flats will be reduced.

The introduction of these corrections means a reduction by about one third of the general index of retail prices increase after January 1st, 1988. Instead of the originally planned 40 percent it would reach about 27 percent (excluding the effects of price hikes on alcohols and cigarettes).

The originally planned principles of compensating for the effects of price increases would be maintained.

We intend to pay direct compensations with regard to the so-called basket of basic consumer goods and services, determined together with the national alliance of trade unions. Compensations for rural population would be, as before, included in the higher procurement prices.

As concerns prices of the means of production we plan to retain the original provisions. Increases of these prices would total about 40 percent next year.

Thus, the production of hard coal (with the exception of 11 mines with extreme costs of extraction) would become profitable. The official prices of remaining raw materials would be adjusted to the level of tansaction prices in hard-currency countries.

We must be aware of the fact that the envisaged modifications of the "implementation program" will hamper the balancing of the market.

Shortages may, therefore, surface as well as the hardships associated with them. Intensified purchases, especially of late, have multiplied them.

Against this background one must make clear that:

First: Despite the mass buy-out the food market has not been tipped off balance. This goes to show its relative saturation although we must carefully analyze the threats emerging in this respect.

Second: The mass purchases are biggest in the durables market. if purchases stabilize there is a chance for rebuilding this market in the relatively short future.

Third: We must remember about the interdependence between exports and imports. For instance, this year supplies of coal for the populace were increased by 2 million tons at the expense of exports. Lower hard-currency revenues were, however, the price for lower exports.

Resulting from the referendum, the changes in the price and income policy will affect in a significant manner the situation of the state budget. Thus, the budget will, unfortunately, remain unbalanced.

Deceleration of the pace of putting in order economic parameters, and of influencing production efficiency in this way tends to result in acceleration of restructuring and transfer of capital, raw materials, materials and labour resources to the domains, branches and enterprises that are most effective—with other methods.

Acceleration of restructuring will be encouraged by amendments to the national socio-economic plan which are being considered. Its objective would be go alter the structure of investing via reduction of outlays on some investment projects with longer execution cycles and unfavourable efficiency parameters. The modernization of the productive ρotential and updating its structure will be accelerated also by a growth of enterprises' own funds—as a result of revaluation of fixed assets—as well as by money from the structural changes in industry fund.

Organization of this entirely new institution, based on solutions not applied so far, is coming to a close. The fund for structural changes in the industry will start operating—as planned—as of January 1, 1988.

Of essential significance will also be the completion next year of big investment projects spread over a long time span. These include the brown coal pit in Belchatow, the coking plan tin the Katowice steel mill, the casting house for the production of tracters in Lublin, the nitrogenous-phosphoric fertilizers plan tin a police.

The creation of a modern, effectiveness-oriented economic system in the material production sphere must be interrelated with an appropriate restructuring of the sphere of public services.

As far as next year's social policy is concerned—in view of the growing living costs—a social protection shield will be a matter of particular significance. And so, possibilities to rasie wages will be created— this in connection with an appropriate indexation of the lowest pay or through increased labour productivity.

Regarding retirement and disability pensioners, the increased costs of living will be set off both by direct lump-sum compensations and by valorization and revalorization of pensions. The lowest retirement and disability pensions will go up as of next year. It is estimated that activities undertaken with regard to this social group will not only result in the maintenance of the real level of incomes but even in its slight rise. The system of family allowances will undergo essential transformations. Up will go child care allowances, stipends, social pensions and social welfare allowances.

Special stress will be placed upon attainment of a higher quality of services in the field of health care and social welfare. The government has reached a decision on an extra pay rise in health service, which will receive 36 billion zlotys more than the adopted principles of wages rises in the budgetary sphere would call for. The programme of changes in this field, which we would like to submit to social discussion, is first of all aimed at a rationalization of the health care system, that is to better utilization of the facilities, personnel and means.

An introduction of fees—of different scale—for medical services is being considered in the domains where it is socially justified and where it could result in service quality improvement. We aim to obtain this through, among other methods, altering the system of financing health care, as well as its organization, and through relating employees' wages to the quantity and quality of services rendered.

Parallel to these actions, we shall develop domestic production of medicines as well as the pharmaceutical industry. Money from the fund for structural changes in the industry will be used first of all to that end.

As I have frequently pointed out, the introduction of the second stage of reforms will not be void of difficulties and tensions. The first experiences alone show a considerable "resistance of the matter".

The reform reveals the passiveness and inaptitude of many economic units and people, carefully concealed behind a curtain of objective difficulties or complaining about bad regulations and decisions. It strikes against those who draw profits from economic imbalance, profits which are sometimes legal and at other times, outrightly illegal. It strikes against the second economic circulation, at corruption which has a considerable scope.

The clash also occurs in the mental sphere of people, including the managerial cadres. How often it happens that the quantitative effects of production dominate over criteria of efficiency in consciousness and in practical decisions.

One should not belittle the importance of these factors, the role and position of forces which for various motives are opposed to the proposed changes. The need for full determination and persistency in action and the gradual expansion of the front of support for reform thus becomes all the more clear.

The reactions and behaviour of economic subjects will have decisive significance and so will the ability to break with routine habits and ways of reasoning, to undertake qualitatively new tasks.

Jaruzelski, Messner Meet Veterans

LD151604 Warsaw PAP in English
1425 GMT 15 Dec 87

[Text] Warsaw, Dec, 15—During the break at today's plenary debate of the PUWP CC Wojciech Jaruzelski met worker movement veterans, former activists of the PPS (Polish Socialist Party) and PPR (Polish Workers' Party) which merged into the Polish United Workers' Party 29 years ago.

Henryk Jablonski and Ignacy Loga-Sowinski, two of the invited guests, told the meeting about roads conducive to that historic event in the Polish worker movement.

Wojciech Jaruzelski decorated Wanda Jakubowska, Stanislaw Kowalczyk and Wlodzimierz Reczek with Ludwik Warynski Medals and expressed his recognition for their contribution to the development of People's Poland. Zbigniew Messner also took part in the meeting.

'Anti-Socialist' Political Party Launched

AU160825 Paris AFP in English
0819 GMT 16 Dec 87

[Text] Warsaw, Dec 16 (AFP)—A new political movement claiming to be "conservative, liberal and resolutely anti-socialist" has been launched in Poland, some of its leaders told a press conference here Tuesday.

The "Movement for Real Policies" (RPR) says it is not a political party but intends to act as a "confederation" grouping tendencies in the country which favour "a capitalist-style economic system" and "reject socialism as a system and an ideology".

The RPR leaders said there were 13 founder-members, some of whom called themselves monarchists. They said they would be working for the privatisation of firms, the control of schools by the Church, and against abortion and emigration to the West.

The RPR said it would also be seeking to develop mutual aid with an estimated three million Poles living in the Soviet Union.

The RPR leaders dismissed the ideals of the banned Solidarity trade union as "utopian", saying that the self-management which Solidarity preached could "only lead to chaos".

"We are certain that sooner or later capitalism will be adopted in Poland, either by revolution or evolution", said an RPR spokesman. "We are trying to ensure that these transformations occur in an evolutionary fashion".

Miodowicz Press Conference on Labor Problems

LD142353 Warsaw PAP in English
2203 GMT 14 Dec 87

[Text] Warsaw, Dec. 14—Chairman of the All-Poland Alliance of Trade Unions (OPZZ) Alfred Miodowicz and other members of the OPZZ leadership met with foreign and Polish newsmen at a press conference at the Interpress Centre here today. The conference devoted to the assessment of the 12-month activity since the trade union congress focused on today's problems facing the labour movement and its role in the comprehensive socio-political situation of this country.

The trade union movement had 7 million members recently, and it seems to us that it has not gone down, said Alfred Miodowicz. The exact number will be known at the beginning of next year.

The trade union movement draws its strength from the wisdom of the nation whose good intellectual condition was confirmed by the referendum, stated the OPZZ chairman.

As far as the trade union concept of materializing the economic reform is concerned, the guarantees of proper supply and of creating the motivation to work are considered the most significant issue. Prices should be just an auxiliary tool in steering the market.

The OPZZ relations with the ILO were never bad and we welcomed with satisfaction the recent decision on the resumption of Poland's activity on the forum of this organization, said Jerzy Uzieblo, OPZZ vice-chairman.

The OPZZ is striving for a strict observance of the ILO conventions Poland signed. That is why it opposed the attempted introduction of amendments to the labour code which ran counter to those conventions, Miodowicz said.

This does not mean however the acceptance of trade union pluralism understood as a restoration of all the former structures, namely, Solidarnosc, and autonomous and branch trade unions which do not belong to the reborn trade union movement. As this would mean a consent to a parallel functioning in one factory of a few trade union organizations which inevitably would lead to the ruin of an enterprise, and thus to a catastrophe for trade unions and crews. Nearly 1 million trade unionists are members of organizations which do not belong to the OPZZ. We maintain good contacts with many of these unions even if we have different views on methods of activity, Miodowicz said.

The cooperation with the government is a cooperation of two partners with different points of view. If the government presents a sound austerity programme, a dynamic housing programme, if fundamental and necessary changes take place in the system of management and organization, and in the financial system, it will be possible to diminish many serious social problems, to decrease the scale of sacrifices and people will accept this. But the trade union movement will not accept attempts to improve these mechanisms when their assumptions are wrong and absurd.

On January 16, 1988, the OPZZ will organize "a Congress of People Without Flats" to fully present this most significant social problem.

Answering a question whether Alfred Miodowicz will cease to be a Political Bureau member he said he learnt it for the first time. If such a thing happened I would not have to answer questions in factories how can one perform the functions of OPZZ chairman and Political Bureau member at the same time, said Miodowicz. [sentence as received]

PAP Reports 15 Dec Urban News Conference

LD151921 Warsaw PAP in English
1806 GMT 15 Dec 87

[Text] Warsaw, Dec. 15—The main topics touched upon by Government Spokesman Jerzy Urban at today's press conference for Polish and foreign newsmen featured: Polemics with reports carried by the Western mass media, the Jaruzelski plan, airplanes for LOT Polish airlines, visas for emigrants, parties or fellow assemblies., and ceremonies marking the ghetto uprising. Reports of Western Mass Media [subhead]

At the outset the government spokesman criticized a report carried by the British FINANCIAL TIMES daily which sharply attacked the concept of the Elpol concern. The correspondent of the daily denied that his article contained statements quoted by Urban. The latter stated that he did not in fact acquaint himself with the article in the FINANCIAL TIMES but with its summary aired by Radio Free Europe, which distorted the meaning of the article, as is often the case with the station.

Jaruzelski's Plan in Wake of Washington Summit [subhead]

In reply to a question about the importance of the Jaruzelski plan following the Gorbachev-Reagan meeting, Urban stated:

"In our opinion, following the Washington meeting the significance of the Jaruzelski Plan proposing measures deepening European security is growing. We will strive for a mandate in Vienna to further put to detail the Jaruzelski Plan as a good basis for, among other things, reducing conventional weapons.

"Poland actively undertakes dialogue with many partners and is ready to expand and deepen it.

"In light of the Western postulate of compensating the reduction of intermediate and shorter range nuclear missiles through the development and modernization of conventional forces, efforts to halt and limit the conventional arms race take on expectional meaning. Poland, as a country of significant military potential of the conventional type, will contribute to these efforts by developing and concretizing the Jaruzelski Plan as well as by maintaining lively activities in all kinds of disarmament negotiations."

Aircraft for "LOT" [subhead]

Referring to a question about results of Deputy Prime Minister Zbigniew Szalajda's Moscow talks on supplies for the LOT Polish airlines, which had been asked during the last press conference, Jerzy Urban said:

The Soviet partners, and primarily Soviet aviation industry, took into working account practically all technical and exploitation remarks included in the Polish governmental report prepared and published after the investigation into the crash of the Polish airplane of the "Il" family. Soviet industry's attitude towards our remarks satisfies the Polish side completely.

A definite timetable exists for the remarks to be put into practical effect, and also, there is a timetable of deliveries of new Il-62 aircraft engines, owing to which all Polish airplanes that have been withdrawn from regular service will re-start flying by the end of March 1988.

It was agreed that new aircraft, produced with technical corrections introduced, will be delivered before 1990.

What is more important, the sides agreed on a supply, after 1990, of new-generation aircraft, a new type of aiplanes which conform to all technical and economic requirements of the Polish airlines as well as to international standards. These will include Il-96, Tu-204, and Il-114 aircraft.

In the period prior to the post-1990 deliveries of Soviet new-generation aircraft, we do not exclude a possibility to supplement our flying stock through purchasing airplanes in the West, provided the terms of purchase are acceptable and profitable as far as we are concerned.

Asked whether people of Jewish descent who emigrated from Poland following March 1968 were treated in a special way as concerns the issuance of entry visas to Poland, the government spokesman stated that the more liberal principle of issuing visas introduced in recent months also pertains to this group of emigrants. Visa facilitations do not apply only to people who are currently pursuing activities detrimental to People's Poland

Parties or Fellow Assemblies [subhead]

Asked for an assessment of the newly formed so-called movement for real politics, Urban noted that this was one of the recently budding society-lobby initiatives which is of no notable importance in the political life of poland.

Around the 45th Anniversary of the Ghetto Uprising [subhead]

Referring to the protest of the Israeli spokesman against the formulation carried by some Polish newspapers that the ceremonies marking the 45th anniversary of the Warsaw Ghetto uprising would focus on "possible consequences of Israel's policy of expansion," Urban replied that associating the ceremonies marking the heroic struggle of Polish Jews against Nazism with the policy of the state of Israel was not right and completely pointless because there was no state of Israel at the time the uprising in the Warsaw Ghetto started. It likewise makes no sense for Israeli officials to make a problem of this and to file official statements in connection with some clumsy and incorrect formulation in the Polish press.

Before Genscher's Visit to Poland [subhead]

Asked about what the Polish side expected of the upcoming visit of Foreign Affairs Minister of the FRG Genscher to Poland, Urban replied that it will create an opportunity to discuss the whole process of the normalization of relations on the basis of the treaty of December 1970. The fruitful visit of Gorbachev to the U.S. creates positive frames for this meeting, the spokesman added.

Referring to the interview with Jacek Trznadel aired by the Voice of America in which the latter stated there was fascism in present-day Poland, Urban described the airing of the program by the state broadcasting station of the U.S. as glaring abuse of the freedom of speech and an unfriendly anti-Polish prank.

Asked about the impact which Western Polish-language radio stations bear on Polish society the government spokesman, quoting the results of a recent public opinion poll, stated that this impact was falling: 78 percent of the adult population of Poland replied that they never listen to them.

Replying to a question on the work of the Polish-Soviet commission examining the so-called blank spots in the history of mutual relations, Urban announced that the commission would hold its next meeting on January 12, 1988.

Orzechowski Comments on Superpower Summit

AU151642 Warsaw ZYCIE WARSZAWY in Polish 12-13 Dec 87 pp 1, 7

["My Opinion" column article by Polish Foreign Affairs Minister Marian Orzechowski]

[Text] The summit between Mikhail Gorbachev and Ronald Reagan has become the most important event in 1987. Its results will determine the nature of the international situation to a significant degree over the next few months and perhaps even years. This will also have an affect Poland, its security and its ability to play an active part in international life.

For us, the treaty on the elimination of medium- and short-range missiles means, above all, the removal of weapons that were aimed at our country. This means a more secure Europe and a more secure world. It is also something of a psychological watershed. It has shown that reductions and advanced weapons inspection systems are possible if there are mutual concessions and the principle of equal security is observed. The leaders of both the superpowers can be congratulated on their farsightedness and courage. The Poles, the Soviet Union's allies, are deeply pleased by the attainment of an important stage in the implementation of the program for freeing the world from the nuclear threat that was set out by Mikhail Gorbachev.

With this important starting point behind us, we expect the new tempo of disarmament to be utilized, and we hope that it will lead to a 50-percent reduction in strategic nuclear weapons, the elimination of chemical weapons, and the rapid commencement of negotiations on reductions in armed forces and conventional weapons in central Europe. Let us hope that in this new situation the proposals contained in the Jaruzelski Plan assume even greater importance and pertinence. We will develop our political ideas about military detente—particularly in central Europe—further.

We say to those in the West who talk about the need for "conventional" compensation for the removal of missiles: Instead of provoking a new arms race, let us sit down at the negotiating table and work together to solve Europe's security problems by reducing arms and eliminating the capacity to launch an unexpected attack.

Wozniak Receives CPSU Delegation

AU151458 Warsaw TRYBUNA LUDU in Polish 12-13 Dec 87 p 2

[Text] PAP—A CPSU Central Committee delegation led by Grigoriy Kharchenko, deputy head of the Department of Party-Organizational Work, has visited Poland at the invitation of the PZPR Central Committee. At the end of its visit the delegation was received by Marian Wozniak, Politburo member and Central Committee secretary, who briefed his guests on the party's tasks in realizing the 10th PZPR Congress resolutions. The meeting was attended by Marek Holdakowski, head of the Socioeconomic Policy Department, and by Myechislav Senkyevich, minister-counselor at the Soviet Embassy in Warsaw. In the PZPR Central Committee the delegation held talks with Stanislaw Gabrielski, head of the Political-Organizational Department, and with Maciej Lubczynski, first deputy head of the Socioeconomic Policy Department.

The delegation was also received by members of the OPZZ leadership. OPZZ Deputy Chairmen Wojciech Obarski and Jerzy Uzieblo briefed the guests on the tasks of the reborn Polish trade unions.

Army Officers Held for Plot Against Ceausescu

PM151357 London THE DAILY TELEGRAPH in English 15 Dec 87 p 7

[Eastern Europe correspondent Robin Gedye report: "Plot Officers Held as Unrest Goes on in Romania"]

[Text] Up to seven Romanian Army officers have been arrested on suspicion of plotting against President Ceausescu's regime amid reports of further unrest in Romanian townships on the opening day of a key Communist Party conference.

The officers were arrested at the Ineu military barracks near Arad, 20 miles from the Yugoslav border, late last week, according to reliable sources.

The town of Arad, usually full of off-duty soldiers, has been saturated by heavily-armed police with guard dogs to prevent a backlash against the arrests.

This is the third time in 15 years that reports of an attempted coup or plots to stage one have surfaced. But it is the first time that any of the incidents have coincided with spreading social unrest in the country.

Arad is under 30 miles from the city of Timisoara, where 10 days ago up to 1,000 students demonstrated against President Ceausescu's rule.

There has been mounting dissatisfaction in the Romanian Army for several years making it an ideal breeding ground for anti-government plotting.

Ordinary conscripts lead a miserable existence, abused by officers and forced to work in the fields at harvest time and on construction work for the remainder of their period in uniform, which can be between one to three years.

There is still a considerable cadre of senior officers who would have received their military training in the Soviet Union and whose sympathies for the relatively "enlightened" Kremlin regime would be surfacing in the current climate.

In a speech to a Communist Party congress, which opened in Bucharest yesterday, President Ceausescu, 69, dismissed any moves towards economic reform, but pledged pay bonuses for workers next year in a clear attempt to defuse mounting tension.

Two leading Romanian dissidents, Mrs Doina Cornea, a university lecturer, and Mr Radu Filipescu, were arrested over the last few days as evidence of the regime's new spirit of firmness.

Lenin Monument Burned in Bucharest

AU151616 Belgrade Domestic Service in Serbo-Croatian 1400 GMT 15 Dec 87

[Text] Unknown persons have set a fire at the Lenin monument in Bucharest.

The monument stands in one of the biggest squares of the city in front of the buildings of the party organ SCINTEIA and the AGERPRES press agency. Scaffolding was immediately erected around the monument, which is 10 meters high, and workers have been hurriedly replacing slabs of pink granite damaged by high temperatures.

There has been no official report from the Romanian capital about this yet.

Brasov Mutineers Reportedly Tortured

AU151252 Vienna KURIER in German 15 Dec 87 p 3

[Text] In Bucharest and in other Romanian cities "spontaneous" signatures are currently being collected under the supervision of the secret police. The call for capital punishment for the "criminals of Brasov" is signed by the intimidated citizens. As reported, on 15 November, there were riots in Brasov, the instigators of which were arrested. Between 60 and 90 persons are said to still be imprisoned and sufferring brutally tortured. According to the HUNGARIAN PRESS OF TRANSYLVANIA the charges are reported to be hooliganism and vandalism. The signature campaign is obviously intended to make legitimate as severe a punishment as possible, without capital punishment actually being inflicted.

In a dramatic appeal, members of the Hungarian minority (Kovacs, Toth, Szoecs, Kertesz) who live partly in Budapest and partly in exile in the West, have called for intervention on behalf of the persons arrested in Brasov and talk of "genocide" and a "reign of terror" in Romania.

From reports by travellers who have recently visited Romania, a gloomy picture of the supply situation emerges. For example, in Timisoara, even beans and potatoes can only be bought in foreign currency shops—or on the black market. At best, hot water is available two times a day. There are villages and small towns, however, that have not had any hot water for months.

There is no baby food, the diapers are thin, transparent rags. Because apartments are now permitted to be heated only up to 10 or 11 degrees Celsius, many babies die of severe colds shortly after birth. The newborns are only officially registered after 3 weeks, at the earliest, normally only after three months. In this way, the statistics on infant mortality, which is alarmingly high, are slanted.

According to the latest reports, Brasov is still in a state of siege, and there have also been riots in Dumbraveni and other towns.

The Communist Party conference wants to pass a resolution on the "improvement of the standard of living," premium pay, and "self-administration of the enterprises."

Hungarian Minority Protests Reaction

AU151502 Paris AFP in English
1450 GMT 15 Dec 87

[Text] VIENNA, Dec 15 (AFP)—Some 400 people who were arrested in the central Romanian city of Brasov after last month's mass protests at mounting economic difficulties were "beaten up" by police, a dissident newsletter obtained here said.

Only 24 people were detained, according to Romanian police, but all were facing charges of "vandalism and rioting," said the HUNGARIAN PRESS OF TRANSYLVANIA, which is published by members of Romania's Hungarian minority.

In another statement made available here, four exiled intellectuals of the two-million-strong Hungarian minority lodged a protest with Romanian authorities following reports that Brasov workers had been forced to condemn the demonstrations and made to ask for severe punishment of ringleaders.

Poet Geza Szoecs, who is now living in Geneva, philosopher Attila Ara Kovacs, who live in Budapest, and two editors of the outlawed underground magazine ELLEN-PONTOK, historian Karoly Toth and economist Lorand Kertesz, who emigrated to Budapest and Montreal respectively, also asked for the release of all people arrested.

Riots in the city of 334,000 broke out on November 15 when workers at two major factories protested at wage cuts after monthly production had not met the projected level.

Not more than 3,000 to 4,000 people took to the streets in the demonstration, HUNGARIAN PRESS OF TRANSYLVANIA said, contradicting earlier estimates of some 10,000 protesters.

Meanwhile in Paris, Romania's Ambassador to France, Petre Gigea, was summoned to the Foreign Ministry in connection with reports that several Romanian dissidents who criticised the regime in a recent French television programme were arrested.

The League for the Defence of Human Rights in Romania had said earlier a 60-year-old teacher, Doina Cornea, had been arrested at Cluj in Transylvania.

She had taken part in a television interview, screened on the French network Antenne-2 on December 10, in which she denounced what she called the "reign of fear" imposed by the authorities and a series of unexplained "disappearances" of certain people.

Her son, Leontin Iuhas, 31, an engineer, who did not appear in the TV programme, and Radu Filipescu, a 32-year old electronics engineer, were also arrested.

The League said it was without news of a third person who spoke in the French programme, Mariana Celac-Botez, whose husband Mihai is now visiting the United States. The League said Mrs. Botez's phone had been cut for several weeks.

Mr. Filipescu was sentenced in September 1983 to 10 years' imprisonment for distributing leaflets critical of the regime. He was released in 1986.

Dissident Interviewed

AU151333 Rome ANSA in English
1247 GMT 15 Dec 87

[Text] (ANSA) Rome, December 15—A sharp condemnation of the regime of Romanian President Nicolae Ceausescu was contained in an interview granted a Milan daily by Romanian dissident Paul Goma, author of numerous anti-regime books.

Goma was interview by "IL GIORNALE" in Paris where he has been living in exile since 1978.

He claimed that the recent revolt in Brasov was the result of years of popular discontent and said that ever since 1977 Romanians have begun to oppose with force, "within the possible limits," communism in general, and Ceausescu in particular.

The form of rebellion in Romania is violent because the intellectual class that could have guided the masses is missing.

"We Romanians, he said, do not have a Catholic church which protects us", Goma went on. He said that the Romanian Orthodox Church, "like all the other orthodox churches", was under the thumb of the political power.

Furthermore, he said that there was no tradition of exile among Romanians to that there was a lack of support and aid for those abroad.

The dissident underscored the fact that, especially over the past four years, the students have multiplied their protest demonstrations.

The student protest is motivated mostly by the "insoluble problems of everyday life," such as lack of electricity, heating fuel and basic foodstuffs, Goma continued.

Asked what he thought of Gorbachev's policies, Goma said that after the Poles, the Romanians were the most anti-Russian in Eastern Europe. He stressed that he did not mean anti-Soviet but anti-Russian. It was a question of history, he explained. "We and the Russians have known each other for centuries ...".

"The paradox is that the poor Romanians of today come to the point where they say that the Russian Gorbachev is less bad than our Romanian Ceausescu. Gorbachev today allows the Russian to freely listen to Western radio and what is more, gives we Romanian his Soviet TV, a TV which, while not so in the past, is today watchable," he continued.

He said there was no way to know what the future behavior of Gorbachev would be, but that it was known that it is more or less from the Kremlin that orders are imparted. He voiced the hope that Gorbachev would cut the 'tyrant' Ceausescu down to size to make way for his ouster.

Goma told the interviewer that "we are realists; we certainly cannot hope for a change of regime but we can hope that someone less evil and less of a tyrant (than Ceausescu) would replace him".

Further Reportage on RCP National Conference

AGERPRES Reports Opening

AU141744 Bucharest AGERPRES in English 1654 GMT 14 Dec 87

[Text] Bucharest, AGERPRES, 14/12/1987—Monday, December 14, 1987, the National Conference of the Romanian Communist Party opened in Bucharest. A highly significant event in the life of the party, the state and the people of Romania, the great Romanian communist forum is called to make a balance sheet of the achievements since the 13th RCP Congress, to set the targets and guidelines of work in the new phase of socialist construction in Romania, for the successful implementation of the programmes of economic and social development, of continuing improvement of the living standards and the level of civilization of the Romanian nation, for the unflinching translation into life of the programme of building the multilaterally developed socialist society and Romania's advance to communism.

The general secretary of the Romanian Communist Party, the president of the Socialist Republic of Romania, Nicolae Ceausescu, entered the Republic Palace hall where the conference is held to the applause, cheers and ovations of the delegates and guests who made him a warm, enthusiastic welcome.

The conference is attended by delegates who were elected by the extraordinary conferences of the party county and Bucharest city organizations to represent all segments of working people—industrial workers, farmers, intellectuals, party, mass and public organizations activists, military.

The opening session was attended by heads of diplomatic missions accredited to Romania as well as foreign press correspondents, special envoys of news agencies, newspapers and reviews, of radio and television stations abroad.

To the applause and ovations of the attendance, empowered by the Central Committee, Nicolae Ceausescu declared the proceedings of the party's democratic forum—the national conference—open.

The RCP general secretary addressed a warm salute to all the participants, delegations and invited guests to the conference, and wished its proceedings full success.

A friendly salute was also addressed to the diplomatic representatives to the conference of the states with which Romania has relations.

Next, the delegates elected unanimously the presidium of the conference.

The draft resolutions and resolutions editing commission, the credentials commission, the commission of appeal and the secretariat of the national conference were also elected.

The proceedings of the first plenary meeting were led by Emil Bobu, member of the Executive Political Committee, secretary of the CC of the RCP.

The delegates unanimously adopted the agenda of the National Party Conference:

—On the state of the growth of the forces of production, of the socialist society in general, of production and social relations, of revolutionary worker democracy, of management improvement on the basis of self-management and self-financing principles, of improving and furthering the revolutionary process in the new phase of building the multilaterally developed socialist society and of Romania's advance to communism.

—On the fulfilment of the thirteenth congress resolutions and of the party programme of economic and social development of Romania, of the programmes providing for a better organization of production and its modernization, for the observance of economic and financial norms and for a higher economic efficiency in all areas.

—On the balanced, proportional economic and social growth of all the zones of the country, the implementation of the physical planning programme, the continual thriving of the localities of the countries, the improvement of the general living standard, material as well as spiritual.

The setting up of the eight sections of the conference and the nominal composition of their presidiums were also approved.

The rules of procedure of the conference were also adopted. The works are to be held in plenary meetings and in sections.

To the applause and cheers of those present RCP General Secretary Nicolae Ceausescu read from the rostrum of the national conference the exposition on the state of growth of the forces of production, of the socialist society in general, of the production and social relations, of revolutionary worker democracy, of management improvement on the basis of self-management and self-financing principles, of improving and furthering the revolutionary process in the new phase of building the multilaterally developed socialist society and of Romania's advance to communism.

The participants in the conference decided that the exposition read by the party general secretary Nicolae Ceausescu be adopted as a programmatic document of the RCP.

The proceedings of the National Conference of the RCP continue.

14 Dec Afternoon Session

AU142038 Bucharest AGERPRES in English 2030 GMT 14 Dec 87

[Text] Bucharest, AGERPRES, 14/12/1987—In the afternoon of December 14, debates on the items in the agenda started in plenum.

The first part of the proceedings was chaired by Lina Ciobanu, member of the Executive Political Committee of the CC of the RCP, deputy prime minister.

Ion Coman, member of the Executive Political Committee, secretary of the CC of the RCP, read the report of the Credentials Commission, which was unanimously approved.

Praise for 'Brilliant Report'

AU151505 Bucharest Domestic Service in Romanian 1400 GMT 15 Dec 87

[Text] Today is the second day of the party National Conference. Plenary discussions on the agenda points continued this morning in two sessions.

On his arrival in the conference hall, Comrade Nicolae Ceausescu was welcomed with prolonged applause and cheers, in a very enthusiastic atmosphere. Comrade Elena Ceausescu and other comrades from the party leadership also took their seats in the presidium.

From the high rostrum of the conference, the participants valued highly and unanimously Comrade Nicolae Ceausescu's brilliant report. His report is a broad and outstanding summary of the experience of our party and people in building the new system and a profound analysis of the current stage of development of the Romanian socialist society. This document maps out the strategy and tactics of our development up to 1990 and even further, up to the year 2000.

The participants pointed out Comrade Nicolae Ceausescu's outstanding contribution to: planning the most valuable orientations designed to ensure a scientifically substantiated management of all socioeconomic life; consistently promoting a revolutionary strategy for the fatherland's intensive, harmonious, and balanced development to secure its ceaseless progress; and successfully carrying out socialist revolution and construction.

In the spirit of Comrade Nicolae Ceausescu's requirements and orientations, the speakers examined matters of party work and other questions on specific activities in various fields of activity. They highlighted the results and the important reserves that should be further used, with a view to promoting quality and efficiency factors in industry, agriculture, and other socioeconomic spheres, to implementing plan tasks for this year and the entire 5-year plan, and to achieving the strategic targets established by the party, namely our fatherland's transition to a new and higher stage of development.

The participants placed particular emphasis on manifold and complex aspects of technological progress and of the fast application of the latest scientific-technical achievements in the production process. In this, they pointed out Comrade Elena Ceausescu's decisive contribution to drafting and implementing the programs for the country's comprehensive development and ensuring the flourishing of Romanian science, education, and culture.

Examining, in a spirit of high responsibility, ways and means to improve activities in all fields, the speakers emphasized the need for further measures to facilitate the full mastering of the requirements and targets of the economic-financial mechanism as well as the basic principles of the revolutionary workers democracy. They pledged to take steps to eliminate shortcomings in the activity of certain party bodies and organizations, to improve their working style and methods, to raise the quality of party work, to intensify the political-educational activity, to increase the revolutionary combative spirit, and to promote the communist principles of work and life.

From the rostrum of the national conference, the speakers fully endorsed the dynamic and constructive foreign policy promoted by our party and state. They highly valued the scientific analysis of the current stage of the world revolutionary process and of other basic problems of the contemporary world. This analysis was included in the party secretary general's report. It also outlines concrete ways and means to ensure peace, bring about disarmament, and build a new economic and political order.

On behalf of the party organizations and all the producers of material and intellectual assets they represent, the speakers pledged to spare no effort to implement the decisions that will be adopted by the national conference, so that all their activity can be up to the level of the existing, greater requirements and of the party secretary general's indications and guidelines.

Today, the participants in the debates again wished Comrade Nicolae Ceausescu long life and boundless working strength at the head of the party and state, to the benefit and glory of Socialist Romania.

This afternoon, the conference proceedings will take place in eight sections. [Although the above report does not name speakers, an earlier, briefer report on this session, carried by Bucharest domestic service in Romanian at 1100 GMT, noted—without giving any details—that the speakers in the two morning sessions were various enterprise managers, working people, and other low-level officials, as well as several top party-state officials such as: Emil Bobu, member of the PEC and secretary of the RCP Central Committee; Ion Ursu, candidate member of the PEC of the RCP Central Committee; Gheorghe Dinu, minister of heavy equipment; Petre Fluture, minister of electric power; Dumitru Radu Popescu, chairman of the Writers' Union; Gheorghe David, minister of agriculture; and Stefan Andrei, candidate member of the PEC of the RCP Central Committee]

RCP Vacancies Examined

AU151926 Bucharest AGERPRES in English 1907 GMT 15 Dec 87

[Text] Bucharest AGERPRES 15/12/1987—The works of the RCP National Conference continued in Bucharest on December 15.

In the morning, in the presence of RCP general secretary, Nicolae Ceausescu, debates on the items in the agenda were resumed in plenum. The first part of the meeting was chaired by Ion Dinca, member of the Executive Political Committee of the CC of the RCP, first deputy prime minister, and after the recession, by Ioachim Moga, alternate member of the Executive Political Committee of the CC of the RCP, first secretary of Cluj RCP County Committee.

Taking the floor were Emil Bobu, member of the Executive Political Committee, secretary of the CC of the RCP, Ioachim Moga, alternate member of the Executive Political Committee of the CC of the RCP, Ion Ursu, alternate member of the Executive Political Committee of the CC of the RCP, first deputy chairman of the National Committee for Science and Technology, Stefan Andrei, alternate member of the Executive Political Committee of the CC of the RCP, deputy prime ministers, other delegates to the RCP National Conference, first secretaries of party county committees, ministers, managers of industrial enterprises and farming units, representatives of public organizations and unions of creation, party activists.

As in the period elapsed since the 13th RCP Congress, vacancies appeared in the party Central Committee, it was proposed to put another item in the agenda of the RCP National Conference—organizational measures. The proposal was unanimously approved. The national conference unanimously elected the commission on preparing the nominations for the vacancies in the party Central Committee, chaired by Nicolae Ceausescu.

The report of the commission on the examination of the appeals to the party national conference, read by Nicolae Constantin, member of the Executive Political Committee of the CC of the RCP, chairman of the Central Party Collegium, was unanimously approved by the conference.

In the afternoon, works proceeded in the eight sections of the conference.

The participants in debates in plenum and by sections were highly appreciative of the report read by Party General Secretary Nicolae Ceausescu, from the rostrum of the conference. These who took the floor pledged to do their utmost for the translation into life of the resolutions to be endorsed by the party National Conference.

The works of the RCP National Conference continue on Wednesday.

Conference Resumes 16 Dec

AU160913 Bucharest AGERPRES in English 0902 GMT 16 Dec 87

[Text] Bucharest, AGERPRES, 16/12/1987—In the presence of the RCP general secretary, Nicolae Ceausescu, of the other members of the party leadership, the debates of the National Conference of the Romanian Communist Party resumed Wednesday morning.

The proceedings will conclude at noon, when the closing session will be held.

AGERPRES Views Industrial Production

AU122053 Bucharest AGERPRES in English
1826 GMT 12 Dec 87

[Text] Bucharest AGERPRES 12/12/1987—Industry has remarkably grown over 1965-1987. The 1965 production is turned out in less than 60 days today. In one minute the Romanian industry produces 20 tons of steel or 330 bearings for various uses. A TV-set is manufactured in 49 seconds and a radio receiver in 32 seconds. An automobile leaves the assembly line in less than three minutes, while a tractor in four minutes. A new flat is made available at every three minute.

With its own forces as a basis (in the last five-year periods, especially after 1965, substantial funds were earmarked for development which averagely account for one third of the national income), Romania has steadily increased its wealth. Now the Romanian economy has fixed assets worth about 3,000 thousand million lei, of which more than 90 percent were made in the last two decades.

At present industry meets 90-95 percent of the national economy's requirements for machinery and equipment, as machine building and chemistry turn out nearly 40 percent of the country's industrial output.

Industrial development led to narrowing the economic gaps between various areas and localities, following the harmonious, balanced distribution of production forces in the territory. More than 250 industrial districts, all of them built in the last 22 years, radically changed the economic and social status of each county, conferring on them the attributes of modern industrial centres in full swing. More than 8,500 industrial units sited in these districts hold over 90 percent of the value of industrial fixed assets. The machine-building industry, chemistry and metallurgy can be found in almost all counties, and the electronics and electrical engineering industries, fine mechanics and optics are no longer specific only of large urban centres as their units are all over the country. When the large industrial districts were sited, account was taken of the specific conditions in the area (natural resources, manpower, infrastructure) aiming at obtaining economic efficiency by better using local resources. So came into being the industrial districts of electric equipment and transport means in Craiova and Brasov, of heavy equipment in Iasi or Cluj-Napoca, of automobiles in Pitesti, of metallurgy in Galati and Resita as well as many others in Focsani, Medias, Miercurea Ciuc, Suceava, Bacau, Baia Mare, a.o.

In the current five-year period (1986-1990) and in the long run, Romania will further develop its industrial potential. New units will add to the existing ones in large industrial districts concurrently with the modernization or expansion of the operating units.

'Growth of Efficiency in Agriculture' Noted

AU122101 Bucharest AGERPRES in English
1848 GMT 12 Dec 87

[Text] Bucharest AGERPRES, 12/12/1987—The growth of efficiency in agriculture as a whole and the rational utilization of land are constant concerns of the Romanian state whose 1965-1986 investment in the branch accounted for roughly 15 per cent of the overall funds earmarked for the national economy. Investment in agriculture for the period spanning 1981-1985 alone amounted to 155 thousand million lei. And that mark is even higher when the funds spent on the creation of a national industry of farm machinery, chemical fertilizers, a.o. are added. Agriculture which barely had the technical means it needed in the past, boasts today 85,000 tractors or so, 64,000 self-propelled harvesters and various high-tech equipment. Last year the amount of high-analysis chemical fertilizers delivered to agriculture stood at more than 1.2 million tons. Over 30 per cent of the country's arable area were laid out for irrigations, while drainage works were performed on 2.7 million hectares, soil-erosion-control and land improvement operations were performed on 1.8 and, respectively, 1.5 million hectares, and loosening and scarifying works were conducted on 2 million hectares. There have also been extensive land improvement operations that considerably boosted the productive potential of land.

In the current quinquennium Romanian agriculture benefits from investment worth more than 190 thousand million lei which, inter alia, will provide for the irrigation of the entire area that will render economic advantages, and full soil-erosion control. Supporting the development of agriculture is a strong scientific research network including 134 institutes, experiment centres and stations in animal breeding. More than 200 cereal and technical plant strains and hybrids were created. The varieties and hybrids patented in the last few year now yield per-hectare productions of 8,000-10,000 kgs of wheat and 20,000 kgs of maize. Romanian land improvement experts recently had a world record in sunflower strains, which yield more than 5,000 kgs per hectare. In this respect, the FAO appointed Romania as coordinator of world research in sunflower culture improvement on an international plane.

The concept of [?ecological] agriculture led to the expansion of applied research into pest and disease control and the promotion of resistant strains and hybrids and of non-conventional control methods. Everything the Romanian State had done to dynamize farm production and place agriculture on the coordinates of the new agrarian revolution—that is the modernization of all its structures accounts for the exceptional growth of average productions, of cereals in particular. Per-hectare average production has risen sixfold since 1950 and stood at over 30 million tons of cereals in 1986. A success that was paralleled by the outputs of 1987 when 800 farming units had per-hectare crops of 6,000 kgs of wheat and 7,000 kgs of barley. In the case of corn cobs 350 units topped

the 20-ton mark. The average annual rate of 6.1-6.7 percent for the current five-year period places Romanian agriculture on a par with those of countries boasting fine crops. Short- and long-term farming programmes are scientifically substantiated and their implementation will take Romania into a new, higher stage of economic and social development.

UN Envoy on Eliminating Trade Restrictions

AU142114 Bucharest AGERPRES in English 2033 GMT 14 Dec 87

[Text] Geneva, (AGERPRES) 14/12/1987—Speaking during the debates of the 36th session of the Committee on the Development of Trade of the UN Economic Commission for Europe, the Romanian representative underscored the need for stepped-up and diversified activities of that body with a view to developing economic relations among the member countries, translating into fact the provisions of the Final Act of the Conference on Security and Cooperation in Europe. The Romanian delegate underlined the need to eliminate any discrimination, obstacles and restrictions from commercial exchanges and economic cooperation in Europe, so that commercial ties may develop freely among all the countries on the continent.

It was shown that, when examining specific problems of the recent and future evolution in the intra-European industrial cooperation and trade, account should be taken of the steady deterioration of the international economic climate, accentuated by growing protectionist tendencies and sharpening crisis of the international monetary-financial system. Given the growing economic interdependencies in the world today, such phenomena affect all states' economic development and limit their possibilities for collaboration. More particularly affected are the developing countries which continue to be confronted with highly difficult financial, monetary and commercial problems.

Special attention should by paid within the Committee on the Development of Trade to identifying and harmonizing the trade policy so as to facilitate marketing of the products turned out through industrial cooperation ventures. Emphasis was placed on the necessity that the industrialized countries adopt measures of commercial politics allowing the developing countries to benefit by a more favourable treatment, and assisting their efforts for the promotion and diversification of exports.

Daily on Good-Neighborliness in Balkans

AU121723 Bucharest AGERPRES in English 1629 GMT 12 Dec 87

["Persevering Action To Make the Balkans a Zone of Cooperation and Good Neighbourhood"—AGERPRES headline]

[Text] Bucharest AGERPRES 12/12/1987—Romania has worked constantly for good neighbourliness between Balkan countries to grow, for the area to become a zone of peace and fruitful cooperation, says SCINTEIA of December 12 in a commentary. To build up understanding and good neighbourliness in the Balkans is seen by Romania as a lesson of history and a pressing demand of our time, the commentary goes on. Rethinking the peace and security problems Romania approaches them in a new way, with the common interests of peaceful development and progress as a durable basis for the consolidation and growth of inter-Balkan cooperation and understanding, and with membership of different military alliances being no obstacle to that.

The president of Romania, the newspaper says, has made steadfast efforts for the expansion of bilateral relations with all Balkan countries in many spheres—politics, the economy, technology, science, culture—all while being concerned to help a better cooperation in this part of Europe, in general. An essential role in Romania's relations with the other Balkan states has been played by summitry, consistently pursued for the past three years, which ended up in new and important documents apt to open up an ever more auspicious perspective to manifold cooperation, and significantly contributed to the building up of understanding in the area and the continent as a whole. Romania's productive cooperation with the Balkan states extends on many areas and goes from the complex utilization of the power potential of the Danube to cooperation in key branches such as machine-building, electronics, electrical engineering, chemical engineering and the joint building of economic units of mutual interest in the energy, steel and mining industries.

Since the 13th RCP Congress, Romania has carried on a wide-ranging activity in a number of such permanent bodies as the National Inter-Balkan Cooperation Committees, the International Association of South-East European Studies, the Balkan Conference of Architects, the Standing Conference of South-East European Engineers which added to older organisms such as the Balkan Medical Union and Balkan Mathematical Union. Furthermore, Romania made precious contribution to a number of inter-Balkan gatherings including an expert meeting on the creation of a chemical-free zone in the Balkans hosted by Bucharest last year.

Showing that Romania worked and works for the political settlement of the disputes existing between some Balkan states, SCINTEIA says: Romania's proposals for a Balkan summit is seen as helping the attainment of the common targets of cooperation, good neighbourliness, understanding and security, which will certainly have a positive effect on the political life of the continent. At the same time,

Romania welcomed the proposals and similar actions initiated by other Balkan states, such as the Balkan foreign ministerial meeting put forth by SFR Yugoslavia.

Romania takes the view that an intensification of the process of cooperation, good neighbourliness and understanding between the countries in the area will build up confidence and security, and pave the way for an area free of nuclear and chemical weapons, and foreign bases and troops, which is what public opinion in the Balkan states clearly stated that it would like to see. A nuclear and chemical-free zone in the Balkans is seen by Romania as part of the general effort for security and cooperation in Europe, for the complete elimination of nuclear weapons and other arms of mass destruction from the continent, for a united Europe of peace and cooperation, SCINTEIA winds up its commentary.

Pozderac Detained on Charges Over Agrokomerc
LD151638 Belgrade TANJUG Domestic Service in Serbo-Croatian 1550 GMT 15 Dec 87

[Text] Bihac, 15 Dec (TANJUG)—Hakija Pozderac, recently released from his duty as a member of the Council of the Federation, on the basis of an order by the High Court in Bihac, today was detained and brought before the court's investigative judge, who ordered that he be detained for a month.

The arrest of one of the key people involved in the Agrokomerc scandal was brought about on the basis of a demand by the Bihac High Public Prosecutor's Office that an investigation should be started in the case of Hakija Pozderac. The demand states that there are grounds for suspicion that he had committed the crime of counterrevolutionary threat to the social order, punishable on the basis of Article 114 of the SFRY Penal Code, in connection with Article 22 of the SFRY Penal Code, and criminal theft under Article 169, section 2, in connection with Article 226, Section 3, of the Penal Code of the Socialist Republic of Bosnia-Hercegovina, and in connection with Article 23 of the SFRY Penal Code.

Federal Chamber Session Opens 16 Dec
LD161106 Belgrade TANJUG Domestic Service in Serbo-Croatian 0911 GMT 16 Dec 87

[Text] Belgrade, 16 Dec (TANJUG)—In the SFRY Assembly, a session of the federal chamber is under way that will last 2 days. Today, the delegates should adopt the Yugoslav program on Kosovo and consider the draft resolution for next year, so they can give their opinion to the Chamber of Republics and Provinces.

Today, a report on the state and problems of traffic in the previous 3-month period and in the first 3-month period of this year also will be considered, together with proposed measures for improving the situation in this area.

Proposed changes and amendments to the law on associated labor and the draft budget of the Federation for next year will be considered at tomorrow's part of the session.

Gracanin Elected to Serbian Presidency
AU151721 Belgrade Domestic Service in Serbo-Croatian 1400 GMT 15 Dec 87

[Djordje Vlajic and Milorad Jovic report on the 15 December session of the Assembly of Serbia]

[Text] The Assembly of Serbia began its work with a joint session of the chambers that elected Petar Gracanin member of the Presidency of Serbia. Dragan Milicevic, representative of the SAWP Republican Nomination Conference, explains the nomination:

[Begin Milicevic recording] On the basis of preceding consultations in the republic, it has been agreed that the newly elected member of the Presidency of the SR of Serbia should be from the same community as the Presidency member whose term of office has ended [prestane mandat]. The necessary sociopolitical activities have been carried out in these communities, and, on the basis of these consultations, a proposal has been made that Comrade Petar Gracanin be elected member of the Presidency. [applause]

Comrade Gracanin was a participant in the national liberation struggle from 1941, and holds the 1941 Partisan Memorial Medal. The fact alone that Comrade Gracanin is a People's Hero also speaks sufficiently about him as a personage and his attitude toward the most difficult situations and real interests of the people. [end recording]

The delegates decided by a secret ballot on the proposal that Petar Gracanin be elected member of the Presidency of Serbia, and the results were announced by Branislav Ikonic, president of the Assembly:

[Begin Ikonic recording] I am announcing to the delegates that the ballots have been counted and the following results have been established: Out of the 271 delegates of all the chambers of the assembly present, 271 received their ballots and 270 cast their votes; 19 ballots were proclaimed invalid. Comrade Petar Gracanin, proposed candidate for member of the Presidency of the SR of Serbia, received 251 votes.

On behalf of all the delegates of the Assembly of the SR of Serbia and on my own behalf, I congratulate Comrade Gracanin on the election and I wish him much success in his work. [applause]

I ask Comrade Gracanin to come up and to make the solemn declaration, according to Article 366 of the Constitution of the SR of Serbia. [end recording]

[Begin Gracanin recording] I declare that I shall struggle for the protection of the sovereignty, independence, and integrity of the country, and for the realization of the power by the workers class; that I shall strive for the implementation of brotherhood and unity, and equality of the peoples and nationalities, for the development of the socialist self-managing society, and for the implementation of common interests of working people and citizens of the SR of Serbia and the SFRY; and that I shall adhere to the SFRY Constitution and the Constitution of the SR of Serbia and the laws, and that I shall conscientiously and responsibly carry out my duties. Thank you. [applause] [end recording]

Missions Abroad Endangered by Fund Shortage
LD152321 Belgrade TANJUG Domestic Service in Serbo-Croatian 1744 GMT 15 Dec 87

[Text] Belgrade, 15 Dec (TANJUG)—The SFRY Assembly's Foreign Policy Committee said today that the draft of next year's federal budget had not earmarked

enough funds for financing the Federal Secretariat for Foreign Affairs and, in particular, Yugoslav diplomatic and consular missions abroad. It was, admittedly, stressed that, in the course of work on preparing the draft, the Federal Secretariat for Finance had made the necessary efforts and cooperated as successfully as possible with the Federal Secretariat for Foreign Affairs and other relevant institutions involved in foreign political activity.

The committee stated that continued efforts were needed to search for ways to increase funds for financing [words indistinct] activity abroad. A recommendation was made to the effect that the Federal Secretariat for Foreign Affairs should examine ways of rationalizing its network of diplomatic and consular missions so as to avoid the risk of jeopardizing their capacity to meet the costs of their activity. The committee also pointed to the need for seeking ways of increasing funds to finance Yugoslavia's cooperation with other countries [words indistinct] in the areas of culture, education, science, and technology.

It became obvious during the meeting that the proposals and requirements put forward by the user of the funds, the Federal Secretariat for Foreign Affairs, and the federal budget proposer's offer were in discrepancy. It was therefore suggested that further efforts should be made to bring the two viewpoints together.

On this occasion, no one denied that, under the present circumstances and the serious financial and economic crisis, it is increasingly difficult to meet objective (i.e. financial) [word indistinct] of Yugoslavia to ensure, in proportion with its reputation in the world and the seriousness of its current position, a constructive and adequate presence on the international scene. It was noted in this context that [word indistinct] on one side, over $42 million (for diplomatic and consular missions) and an equivalent of $18 million to finance the Federal Secretariat for foreign affairs at home. [word indistinct] could not be envisaged. The Federal Secretariat for Foreign Affairs representatives announced that the Secretariat was about to pass a specific decision about reducing the diplomatic-consular network (four, and perhaps even more, embassies are expected to be closed down).

The impression gained at the session was that both the user and the federal budget proposer were convinced of the need for Yugoslavia, for its own good, to retain its high reputation in international relations and, whether we agree or not, this can be achieved only by being present "on the spot." However, it was agreed at the same time that it was simply impossible to share something that is in short supply. [word indistinct] try to be more economical through rationalizing and improving cadre structure. There is no other way out, the committee seemed to have concluded.

Reducing Federal Budget To Be Reviewed

AU151826 Belgrade Domestic Service in Serbo-Croatian 1400 GMT 15 Dec 87

[Olivija Rusovac report on the 15 December session of the Federal Budget Committee]

[Text] Will the federal budget for the coming year be less than first proposed? Olivija Rusovac, who followed this subject in the Federal Budget Committee, reports from our studio:

A FEC representative informed the delegates that the volume of the federal budget for the coming year will be reexamined; it was to be 5.7 trillion dinars. The FEC intends to reduce the budget to an amount that will be 80 percent higher than this year. The Federal Treasury would thus run at this year's level in real terms, if inflation is discounted.

In this case, 5.2 percent of the national income reduced by 5 percent will be allocated for the Yugoslav People's Army; 0.53 percent of the national income, also reduced by 5 percent, will be allocated for the underdeveloped regions. The funds for other spending departments will increase at a rate 10 percent below the increase in income.

The federal budget, which will be proposed at the next session of the Federal Chamber, will remain open until the very last minute of the assembly session this year, for the spending departments will find it difficult to renounce their entitlements. The FEC representative stated today, however, that money to pay all the commitments is simply lacking.

The last sessions of the Federal Chamber, envisaged for 29 and 30 December, will also be of importance because the constitutional amendments will be formulated and will be submitted for public discussion.

Vojvodina Assembly Approves 1988 Draft Budget

LD151419 Belgrade TANJUG Domestic Service in Serbo-Croatian 1323 GMT 15 Dec 87

[Excerpt] Novi Sad, 15 Dec (TANJUG) –The Vojvodina budget for next year will total 264.5 billion dinars, which is completely in accordance with decisions on the slower growth of resources for general social and common needs. The delegates of the Vojvodina Assembly supported the draft budget for 1988, with the statement that spending next year will be about 74 percent greater than this year.

The majority of the budget, some 240 billion dinars, will be provided from income taxes and from a basic and separate turnover tax. At the same time, the greatest expenditure from the budget, nearly 50 percent, is the contribution to the budget of the Federation. [passage omitted]